

To: RNS
Date: 10 June 2016
From: Seneca Global Income & Growth Trust plc

Results for the year ended 30 April 2016

Chairman's Statement

Highlights

- Discount Control Mechanism to be introduced
- Share price premium to net asset value of 0.5% at the period end
- Net asset value total return of +0.8%
- Share price total return of +9.3%
- Dividends for the year increased by 4.6% to 5.93p
- Annualised volatility 10.6% compared with 17.8% for the FTSE All-Share Index

Performance

Seneca Global Income & Growth Trust plc ('SIGT'), your Company, generated a net asset value ('NAV') total return for the year ended 30th April 2016, of +0.8% which was less than the benchmark return of +3.7%, being 3-month LIBOR plus 3%. SIGT's NAV performance over the year compared well with its AIC sector and most of the comparator indices, whose returns were: AIC Global Equity Income sector -2.3%, FTSE All-Share Index -5.5%, FTSE All-World ex-UK Index +0.6%, FTSE WMA Stock Market Balanced Index -1.0%, and FTSE Gilts All-Stocks Index +4.3%. Your Board considers that it is more appropriate to measure performance over a longer time frame and that a more suitable period over which to measure SIGT against its benchmark is three years. SIGT generated a NAV total return for the three years ended 30th April 2016 of +18.4% compared with +11.2% from the benchmark. Your Company's NAV performance against its benchmark, comparator indices and AIC sector over longer periods, as well as the related volatility data, and the discount/premium history of the shares, demonstrate the relative success of SIGT's Investment Policy as adopted in January 2012 as well as its effective execution by your Manager.

This success has been recognised in a variety of ways. The rating of the shares has improved quite steadily over the last few years and during the year ended 30th April 2016, moved from a discount of over 7% at its beginning to a small premium at its end, and for most of the year hovered around parity. The resulting +9.3% share price total return is indicative of the increasing recognition that your Company has received from both investors and from independent observers. In the Investment Company of the Year Awards (2015), sponsored by Investment Week, your Company won the Overseas Income category. Early this calendar year, Money Observer made your Company one of its Rated Funds and WhichInvestmentTrust.com added SIGT to its 'buy list'. In addition, as at 30th April 2016, your Company carried a five star rating from Morningstar tm over three and five years, as well as a five crown rating from FE Trustnet. Your Board believes SIGT has responded to its priorities for the year with very encouraging progress. Your Board is however acutely aware that ever increasing effort is required as we continuously strive to improve all aspects of your Company.

The Manager's Review, provides extensive commentary on the Multi-Asset Value Investing philosophy of your Manager, as well as detailed analysis of the year's performance.

Dividends

Your Company paid a fourth interim dividend of 1.52 pence per share (on 10th June 2016), which, when added to the three preceding interim dividends, produced total dividends of 5.93 pence per share for the year ended 30th April 2016, an increase of 4.6% on the previous year's 5.67 pence. It is your Board's intention, barring unforeseen circumstances, to at least maintain the quarterly dividend amount of 1.52 pence per share for the year to 30th April 2017. On this assumption, the shares provided a yield of 4.1% on the share price of 147.75 pence that prevailed at the year end.

At a time when UK equity income is under considerable pressure as many very large companies have cut or have signalled their intention to cut their dividends, your Company seems particularly well placed in that its income is generated from a wide variety of sources. Indeed, less than 30% of its income derives from UK equities and even that is predominately from mid-sized companies rather than the very large.

Gearing

Your Company has in place a rolling debt facility of £7 million from the Royal Bank of Scotland, which provides potential gearing of approximately 12%. This was largely fully utilised during the year and, given its cost has been significantly less than the portfolio yield, enhanced your Company's net income. The debt facility was renegotiated during the year at a lower margin than previously.

Discount Control Mechanism ('DCM')

It is your Board's view that the multi-asset investment policy pursued by SIGT would allow your Company to be managed effectively at a significantly larger size, and for some time, your Board has been communicating to investors its intention to actively pursue the enlargement of your Company. It is clear that, particularly over the last year or so, steady and material investor demand for your Company's shares has been generated, from both professional investment managers and private investors. So far, this demand has been largely met by the sale of shares held by historic and institutional-like shareholders. As this process seems near its end, your Board believes the time is right to adopt a Discount Control Mechanism ('DCM') which will seek to regulate the share price at very close to its net asset value, and provide improved liquidity in your Company's shares. Many investors find the risk of buying shares whose rating might deteriorate (i.e. move to a discount) understandably unappealing. In addition, the risk of not being able to buy and sell shares whenever and in whatever quantity desired (i.e. illiquidity) is a deterrent for many investors. The introduction of a DCM is intended to reduce radically and even overcome both these risks. As a consequence, the appeal of your Company should be greater and wider, assuming the Investment Policy and its execution remain effective. Over time, this should lead to the expansion of your Company and in turn reduce the Ongoing Charges ratio by spreading the fixed costs over a larger base.

The DCM will seek to ensure that your Company's shares trade very close to net asset value through a combination of share buy-backs at a small discount to net asset value when supply exceeds demand and the issue of new shares at a small premium to net asset value when demand exceeds supply. This activity will of course be carried out within the confines of relevant legislation and rules, and the authority of shareholders by virtue of them passing the necessary resolutions to buy-in and to issue shares. In this regard, the only resolution your Board believes to be beyond 'normal' practice, is that which seeks shareholders' permission to issue new shares equivalent to 20% of the outstanding issued shares. Given that under no circumstances will any issue of shares result in a dilution of the net asset value per share, that any shares issued under this authority will only be pursuant to the DCM, and that in the event of the Company increasing in size, shareholders should benefit by a consequential reduction in the Ongoing Charges ratio, your Board believes this resolution to be in the best interests of the Company and its shareholders as a whole, and strongly recommends that shareholders vote in its favour.

Investment Manager

In March 2016, Peter Elston, Chief Investment Officer of your Manager, Seneca Investment Managers Limited ('SIML'), was appointed a 'named' investment manager of SIGT. He joins Alan Borrows who has overseen the investment management of your Company since 2005. This change was as a result of Simon Callow, who had assisted Alan since 2008, leaving SIML and your Board would like to thank Simon for his contribution to SIGT. Your Manager operates a genuinely team based investment approach, with each member of the five strong investment team contributing to SIGT's management through their specific research responsibilities.

Company Secretary and Administrator

Following a thorough tender process, your Board announces that, with effect from 11 July 2016, Personal Assets Trust Administration Company Limited ('PATAC') will become the Company's Secretary and Administrator, replacing R&H Fund Services Limited ('R&H'). Your Board thanks R&H for their service over the last 4 years. In addition, and as they successfully do for three other investment trusts, PATAC will operate, under the Board's instructions, the Company's DCM.

Investment Outlook

As usual, it is prospects for the global economy that most aptly shape the investment outlook. Indeed, they may be more important than ever, in light of the fact that unconventional monetary policy across the developed world appears not to have had its desired effect of stimulating growth. Furthermore, China's economy has continued to slow and some form of hard landing remains a possibility.

Why both growth and inflation in many parts of the world are still low, given the vast amounts of monetary stimulus injected by central banks, is not precisely clear. There may well be forces at work of a structural nature that have made it harder for ultra-loose monetary policy to rouse economies from their post-crisis funk. Falling population growth, reduced need for capital to start and grow companies, and income and wealth distribution disparities all serve to lower growth potential, making it harder for monetary policymakers. Furthermore, fiscal austerity was supposed to lower real interest rates and in so doing boost private sector confidence. It has done the former but not the latter.

It is hard to imagine this state of affairs changing much, but this is not necessarily a bad thing for investors. While the outlook for profits and dividend growth may be somewhat subdued, this does not mean that equity markets cannot rise. In fact, equity markets in some respects prefer environments in which economies require stimulating rather than restraining. The possibility for equity market valuations to rise is a real one, particularly since they are not currently stretched.

Developed market government bonds remain expensive but may become even more so if economic growth stalls. Your Manager does not like buying expensive assets and holds no developed market government bonds, though concedes that it may be a little while yet before the much anticipated bond bear market finally arrives.

Annual General Meeting ('AGM')

This year's AGM will be held at 12.30pm on Thursday 7 July 2016 at the James Doyle Room, First Floor, Aloft Hotel Liverpool, 1 North John Street, Liverpool L2 5DW and we would be delighted to meet as many shareholders as possible. Resolution 6 at this year's AGM concerns the annual continuation vote by shareholders on the Company's future. Your Board believes that continuation is in the best interests of the Company and its shareholders as a whole, and strongly recommends that shareholders vote in favour of Resolution 6 as your Directors intend to do in respect of their own beneficial shareholdings of 231,463 shares. Your Manager has again indicated that they will abstain from voting any shares held by any of their other clients in relation to Resolution 6.

Richard Ramsay

Chairman
9 June 2016

Investment Manager's Review

Overview

The year under review was a somewhat atypical one for markets around the world, with equities struggling, safe haven bonds continuing their relentless advance, and commodities such as oil and industrial metals posting sharp declines. Such market behaviour is normally indicative of increasing concerns about economic growth, which was indeed the case. These concerns centred on China, where GDP growth continued to fall, but by no means exclusively so.

Economic growth across both the developed and emerging worlds weakened during the year. In the US, growth fell from 3.9% year-on-year in the first quarter of 2015 to 0.5% in the first quarter of this year, while in China, GDP growth fell from 7.0% to 6.7% over the same period. It is no wonder that the year under review was one that was suffused with growth concerns, given this slowing in the world's two largest economies. It is also quite likely that actual growth in China slowed considerably more than the official numbers suggest. Other indicators such as electricity consumption suggested a much weaker picture.

Despite the falling growth in the US, the Federal Reserve in December pushed ahead with its much awaited interest rate increase (the first since 2004), having decided against the move in the two previous meetings, citing volatility in overseas markets. It is rather unusual for a central bank to increase interest rates when both growth and inflation are below target. But then we are living in an unusual world currently, one in which policymakers are having to grapple with bloated central bank balance sheets, high debt levels, falling population growth, high income and wealth inequality, fragile confidence in the wake of the financial crisis, and weakness in emerging markets that appears more than just cyclical.

The fact is that central banks do not like zero interest rates and having to use unconventional monetary policy. The Fed for much of last year seemed almost desperate to get rates up from zero, with Fed Chair Janet Yellen frequently citing the need for normalisation. Indeed, at times it appeared that Bank of England Governor Mark Carney was locked in a race with Yellen to be the first to raise, though poor UK economic data soon meant that he was left in the dust.

Whether the Fed's December increase turns out to be a policy mistake remains to be seen. Yellen herself alluded to the need to raise rates just so that the Fed would be in a position to lower them when the next recession hits. It would certainly be ironic if the increase in fact helps bring on this next recession. The logic appears twisted to say the least. Renowned Harvard economist Larry Summers suggested that "the argument that the Fed should raise rates so as to have room to lower them is in the category with the argument that I should starve myself in order to have the pleasure of relieving my hunger pangs."

Some have suggested the current period bears similarity to 1936. At that time, economic growth in the US had been recovering for a few years following the market crash of 1929 and the subsequent economic depression. Interest rates seemed stuck at zero, with the Fed having expanded its balance sheet to 12% of GDP. In the autumn of 1936 it finally decided to raise interest rates.

In the following year, the Dow Jones index fell 33%, ahead of a 3.3% contraction in the economy in 1938.

To be fair, unlike today, fiscal policy in the years leading up to 1937 had been very loose and in fact along with monetary policy was also tightened in 1936. So, the economic contraction may have had as much to do with tighter fiscal policy as tighter monetary policy. This time round, fiscal policy has generally been tight, with governments following the doctrine that they should not 'crowd out' the private sector with spending that would drive up real interest rates. While low or even negative long-term interest rates have been achieved, the problem is that they have not resulted in a decent recovery in private sector demand. Why this is the case is not precisely clear, though it may well have something to do with the aforementioned issues that policymakers are grappling with relating to demographics, income inequality and so forth.

The silver lining is that because fiscal policy is fairly tight, at least in the US, Europe and the UK, there is scope to loosen it, though it may require a recession for governments to change course.

Certainly there is a growing body of academic work that suggests that by increasing government expenditure, debt as a percentage of GDP would in fact fall rather than rise. However, it is questionable whether this work will have any influence on policy in the foreseeable future.

Closer to home, talk about the Brexit vote has dominated the business press and at times the nationals too. Whether or not the uncertainty surrounding it is responsible for the very obvious slowdown is unclear. Growth had been falling for some time, as indicated by the OECD composite leading index for the UK, which peaked at 3.6% in April 2014 and had declined progressively since, hitting just 0.5% in January of this year. In fact, manufacturing output fell in both the fourth quarter of 2015 and the first quarter of this year, which constitutes a technical recession.

Elsewhere, China's economy continued to slow which at times prompted fears that the slide was unstoppable and would end at some point in a hard landing. The opacity and paucity of data released by China's statistical office makes it hard to discern the true state of affairs, which only serves to make investors more jittery. Nevertheless, towards the end of the period there were signs of cyclical recovery in those areas of China's economy that had been particularly weak such as imports of commodities, iron ore prices, and electricity consumption, but the structural issues remain.

The weakness in China may well have been responsible for the sharp fall in the prices of industrial metals such as Copper and Aluminium, down 21 and 13% respectively over the period. However, the continuation in the fall in the oil price was as much to do with supply side issues – specifically, the inability of OPEC countries to reach an agreement on limiting production – as weak demand from oil importing countries such as China. Gold bucked the trend somewhat, but then this is often the case – industrial metals and energy prices tend to go up when demand is strong, while gold often goes up when demand is weak, and thus expectations of central bank stimulus rise.

Indeed, safe haven bonds were strong during the period – the Bloomberg Developed Sovereign Bond Index rose 7% – because global growth and thus inflation expectations fell. In our opinion this has made them even more expensive, but then that is what happens in bubbles.

Despite the growth fears, high yield bonds globally managed to eke out a positive return of 0.2%. This is somewhat surprising given that weaker growth often means an increase in default expectations that causes credit spreads to rise and bond prices to fall. Furthermore, fears of rising defaults have been particularly rife in the US energy sector, where shale oil producers have come under significant pressure as a result of the weak oil price.

Equities on the other hand were not immune from the rising concerns about the global economy. The US managed a small gain but the UK, Europe and Japan all posted falls. Emerging markets were also weak, with the BRIC countries falling by 17%, 6%, 7% and 37% respectively. According to Lipper, outflows from equities this calendar year hit nearly \$90 billion as of early May, putting them well on track for the biggest year of redemptions since 2011.

To conclude, the year has been a challenging one for “growth” assets. But it should be remembered that large outflows from equities in the order of what we have seen this year are often a contrary indicator. As Warren Buffett famously remarked, “Be greedy when others are fearful”.

Performance

The strong returns achieved over recent years have been difficult to replicate over the past 12 months, against a background of increasingly skittish markets and draining investor confidence. As can be seen from the chart above, negative returns have been experienced by many of the major equity markets, although UK investors have been sheltered from some of the underlying falls as sterling weakened. This factor was particularly prevalent from early in 2016, following the announcement of a UK referendum on remaining within the European Union.

However, there have been several bright spots over the period, which have largely been achieved through the positive returns from many of the direct investments in the UK equity market; and through positive contributions from many of our overseas equity managers. Especially noteworthy was the performance of the Japanese and US equity funds, which not only performed better than their respective benchmarks, but also produced close to double digit returns. Indeed it is pleasing to note that all of the major equity segments produced returns in excess of their benchmarks, albeit not always resulting in a positive overall return.

Another positive over the period came from the large allocation to specialist assets, which proved beneficial. They not only produced positive returns, but also lowered volatility, particularly when markets became more volatile in January and February.

By the period end the portfolio produced a net asset value total return of 0.8%. This outturn was behind the benchmark (3 month Libor GBP +3%) return of +3.7%, although ahead of most of the comparator indices and also the AIC peer group, where the average trust produced a return of -2.3%. Furthermore, the Trust's return was achieved with a level of volatility which was less than half that of the FTSE 100 Share Index (as measured by Financial Express Analytics). The share price total return was significantly higher at 9.3%, as the 7% discount at which the shares had traded at the start of the period narrowed, eventually moving to a premium of 0.5% as the period drew to a close.

One of the main objectives for your managers is to provide a good and growing level of dividends from what is a very well diversified range of assets. It is pleasing to report that dividends in the current financial year have again increased by 4.6% (same as last year). In addition, the income from investments has also allowed for a further increase in the revenue reserves of your Company. Whilst this level of dividend growth cannot be guaranteed in the future, we continue to identify attractive opportunities to improve the robust nature of the income generated from the portfolio.

The performance of the UK equity holdings, which are largely directly held (rather than through third party funds) and focussed on mid-sized FTSE 250 companies, made the most significant contribution. The 7.1% return achieved by the UK portfolio was close to 15% ahead of the UK equity index used internally. This strong performance, in both absolute and relative terms, has built on the strong stock picking record established over recent years, as a result of your manager's value driven approach. The other major equity contributor to returns was Japan, where a positive return of 10% was achieved, despite a negative outturn for the Japanese market. Several of the specialist assets sectors, namely private equity, property and infrastructure investments also made positive contributions, supported by the high levels of income they generated over the period. Whilst a number of equity markets and regions to which the trust was exposed posted negative returns, in many cases these returns were improved upon by the underlying funds' outperformance of their respective markets.

The positive contribution made by the direct UK equity holdings is demonstrated by the fact that five of the top six contributions came from this area. The largest contribution came from Amlin, which was bid for, and subsequently acquired by Mitsui Sumitomo Insurance. Ashmore Group made an early (and welcome) contribution, as the position was only introduced to the portfolio in January. Another early contributor was Royal Dutch Shell, which was also bought in January, when the shares were offering a yield of over 10%. The shares subsequently rose by over 30%, finishing the period with a healthy uplift over the original purchase price. The long held position in A J Bell holdings was a positive contributor to returns, as the carried value of this unquoted investment was increased from 575p to 600p following a partial sale of the holding in May 2015 at 600p per share.

The major detractors from returns have been largely those UK direct investments which have links to lower commodity prices and poor investor sentiment towards emerging markets. The Trust's holding in Aberdeen Asset Management was sold to finance the acquisition of the Ashmore Group position mentioned above, as we looked to invest in a company with a purer exposure to out of favour emerging markets. The negative contributions from the two European equity funds were due, in part, to the fact that the investments were made in sterling hedged share classes and thus did not benefit from the strength in the euro against sterling in the early part of the year. The decision to invest in funds hedged against euro weakness was one we took late in 2014. We continue to believe that the euro is likely to be a weaker currency going forward and we still wish to protect our investors from any such weakness.

Asset Allocation

The Trust's strategic asset allocation is growth oriented, with 60% in equities, 10% in property, 15% in specialist assets (formerly 'alternatives'), and 15% in fixed income. As of the end of the review period, the tactical asset allocation targets in the four segments were 66.0%, 5.2%, 20.8% and 6.6% respectively, with a cash target of 1.4%.

The most significant change in asset allocation over the period was an increase in UK equities from 26.8% to 33.0% which was funded by decreases in fixed income (from 9.8% to 8.9%), property (from 8.5% to 5.3%) and specialist assets (from 20.5% to 18.3%). Overseas equities ended the year at 33.6% (up from 32.6%).

The increase in the UK equities exposure occurred fairly progressively over the year, though four percentage points of the total increase of 6.3% came in the first three months of this calendar year when the market was particularly weak.

Although as suggested much of the increase in the portfolio's UK equities exposure was to take advantage of weak markets, we also felt increasingly confident in our stock picking capability (outside the UK we invest in funds), a stance that was borne out by performance in previous years. Investing directly in equities can not only boost the return side of the equation, but also can help to reduce costs. It should also be noted that we have a mid-cap focus in the UK, so hope to benefit from the well-documented outperformance of medium and smaller sized companies over time.

Within overseas equities, our most substantial overweight in relation to the strategic asset allocation at the end of the review period was in continental Europe. Although this position worked well for us in the previous review period, it did not work that well in the latest year (we are still confident in this position and explain why in the outlook).

Elsewhere, we are underweight in property, where we feel that core property has become expensive. In what we now call specialist assets (formerly 'alternatives'), we are overweight specialist financials and infrastructure where we are invested in some exceptional value opportunities.

UK Equities (33.0%)

Our value approach continues to unearth companies that we feel offer attractive valuations and are also of high quality, demonstrated by high levels of return on equity and strong balance sheets. Our main focus remains on the mid-cap part of the UK market (FTSE 250), where companies tend to be less well researched than the larger (and over owned) FTSE 100 companies. During the period several opportunities were identified to invest in companies we felt were offering good value and which gave the prospect of being re-rated. The market volatility in January and February was particularly productive in that it provided several opportunities to invest in companies we had been monitoring for some time but had felt were too expensive.

During the course of the year positions at the top end of the market which were sold included Aberdeen Asset Management, Barratt Developments (switched into Bovis Homes), Centrica and Vodafone. However, we also introduced three new FTSE 100 companies to the portfolio, namely BT Group, Marks & Spencer and Royal Dutch Shell. Royal Dutch is perhaps worthy of special comment as we felt it had reached very depressed levels in January, with a yield of 10% and a share price that appeared to be discounting ever lower levels of oil prices in the future. However, this investment is atypical of others we make where we would expect to invest for at least three years. The time horizon for the investment in Royal Dutch is somewhat shorter, as we have some reservations as to the medium term prospects for the oil sector.

Several of the mid-cap holdings introduced to the Trust were in the financial sector, namely Arrow Global, Ashmore Group, and International Personal Finance. Another productive area was in the industrial sectors where investor concerns over global growth led to a significant de-rating of many companies. In this area we added new positions in Diploma, Morgan Advanced Materials, Senior and Victrex. In addition, Bovis Homes was acquired using the proceeds of the Barratt Developments sale, with Bovis valued on a significant discount to its larger competitor.

Funding for the new holdings was largely provided by an increased allocation to UK equities. However, the sale of the Fidelity Enhanced Income Fund also provided additional funding. This fund

had provided a well-managed exposure to FTSE 100 companies, but this was an area where we felt future returns would be more muted. The bid for Amlin also provided the opportunity to re-cycle money into fresh opportunities.

Overseas Equities (33.6%)

Overseas fund selection remains biased towards managers who have a value approach together with a focus on the identification of dividend growing companies within their investment process. We are also attracted to managers who have proven defensive in less buoyant market conditions and who can deliver returns with lower volatility than their benchmark indices.

Overall exposure to overseas equity markets was increased slightly, with further investment mainly directed into European equities. We believe that European companies offer considerable value; are supported by ongoing unconventional monetary policies; and are operating within an economy which is still early in its recovery cycle. A new European manager was introduced to the portfolio with the acquisition of a position in the European Assets Trust. This trust provides exposure to smaller companies in Europe and complements other existing holdings, which are more mid and large cap orientated. The number of managers used within Europe was consolidated with the sale of Henderson European Focus Trust, which had both performed well and also moved to trade at a premium to net asset value. However, the investment approach adopted by the manager is not value oriented, and as such we felt uncomfortable with a continuing investment. We also sold the holding in the FP Argonaut European Income Fund, which had significant overlap with another fund held, which is managed by Argonaut. The performance of managers was mixed over the period but overall produced a return of -4.4%, marginally ahead of our European equity benchmark.

We have struggled to justify the valuation of the US equity market and have maintained only a relatively small exposure, which was further reduced in June 2015. However, it is pleasing to note that, whilst we have only a small allocation, the returns achieved overall were in excess of the market with both funds held outperforming their benchmark over the period. A total return of 8.4% was achieved, which compares favourably with the benchmark return of 4.4%.

The Trust's Japanese holdings performed well with a positive return of 10%, this being some 12% ahead of the local index. We would like to record our thanks to the managers of the Lindsell Train Japanese Equity Fund, which was sold during the year after a period of very strong returns. However, this sale enabled the financing of a new position in the CC Japan Income & Growth Trust, where the manager's investment approach is more in alignment with our own. The historic hedging of yen exposure was effectively removed in November, benefitting sterling returns in the early part of 2016 when the yen rallied strongly.

A relatively high level of Asian equity market exposure was maintained throughout the period, with managers generally doing a good job in beating benchmarks in what proved to be difficult market conditions. The main change over the period was the exit from the Newton Asian Equity Income Fund, the process of selling having commenced in the previous financial year following a change of manager. The positions in both of the closed end funds, namely Aberdeen Asian Equity Income Fund and Schroder Oriental Income Fund, were increased during the period. Both funds have historically traded at a premium valuation, but were added to on a discount to net asset value. The early part of 2016 has seen an improved environment for Asian markets, with overall losses being tempered, although the equity benchmark was still down 12.5% over the review period. However, our own fund holdings have fared relatively better with an outturn of -7.5%.

An area under considerable pressure was emerging market equities and exposure was reduced early in the period with the sale of the Aberdeen Latin American Fund. Positions in the two remaining holdings, Somerset Emerging Market Dividend Growth Fund and Magna Emerging Market Dividend Fund were also top sliced. The overall return of -9.5% was ahead of the Asian equity index, which produced a negative return of -14%.

Specialist Assets (18.3%)

The benefits of holding a range of assets that are less correlated with traditional asset classes have been demonstrated over the past 12 months. The high nominal yields on many of our investments in this area, together with strong asset backing and potential for further income growth, have provided a strong underpinning for returns and a lowering of price volatility within the portfolio. Indeed all major sub-sectors have produced positive returns over the period and overall returns were 5.6%.

Private equity exposure has been reduced over the period, with three tranches of redemption proceeds being received from Partners Group Global Opportunities. This fund continues to be carried at a 20% discount to net asset value, due to its limited liquidity. However, the company has now moved to the full liquidation of assets and the proceeds from realisations are distributed at net asset value, thus accruing some further improvement in your Company's value.

Following a partial sale in May 2015 of the unquoted investment in A J Bell Holdings (AJB) at 600p per share, the carried value was increased to this level (from 575p). AJB, which is one of the UK's primary providers of self-invested personal pensions (SIPPS) and is now also one of the UK's largest investment platforms and retail stockbrokers, released its full year results (to 30 September 2015) in December. These results demonstrated significant growth in both client numbers (up 16%) and assets under administration (up 10%). However, profits fell by 4% due to lower interest margins on cash balances. Interest rate margin pressure is now unlikely to act as a drag to future profit growth as the strength in the underlying business feeds through into profits. At 600p per share the holding is valued at a historic Price Earnings Ratio (PER) of 20x, and a yield of 4.25%. This valuation is, we feel, prudent and compares favourably with the main quoted comparator, Hargreaves Lansdown, which was trading at a historic PER of 39x and yield of 2.6% (source: Bloomberg) as at the end of April 2016.

A new commitment was made to aircraft leasing with the acquisition of a holding in DP Aircraft One (DPA) vehicle, which gives exposure to four Boeing 787 (Dreamliner) aircraft leased to Thai Airlines and Norwegian Airlines. This purchase was funded by the sale of the holding in Doric Nimrod Air Three (DNA). The acquisition of DPA brings more diversification to the aircraft leasing interests of your company, both by aircraft and by end lessor. Your Company still retains an investment in Doric Nimrod Two, which leases seven Airbus A380 aircraft to the Emirates airline. The aircraft leasing investments offer high nominal yields (currently around 8%), with the potential for capital growth, which is dependent on the residual value of the aircraft at the end of their leases.

We have retained exposure to renewable energy assets, but this has been reduced from 5.5% to 3.2% during the period, due to concerns over falling energy prices in the UK. The holdings in this sector were consolidated with the sale of the positions in Foresight Solar and The Renewable Infrastructure Group. The three remaining positions, John Laing Environmental Assets, Bluefield Solar and Greencoat UK Wind, we believe to be the most transparent operators and with the most robust business models in the sector.

Over the period since the financial crisis in 2008 we have been keen to exploit the opportunities that have been thrown up by the pressures on the banking system. Two further investments were made in the period which benefit from such opportunities. A position was bought in a direct lender, Ranger Direct Lending, which is investing through a range of on-line lending platforms, mainly in the United States, with emphasis on secured lending to Small and Medium Sized Enterprises (SME). We believe that the online lenders can significantly undercut the existing bank lenders, whilst producing strong returns with lower leverage than traditional banks. Another investment made was in UK Mortgages Limited, which was launched to buy the UK residential mortgage books of banks and building societies. Pressure from regulators to reduce the size of balance sheets has created an environment where historically stable assets such as mortgages are having to be sold. The acquisition of these books of mortgages provides for potential returns of close to 10%, with leverage which is significantly lower than operated by the incumbent banks.

Fixed Income (8.9%)

Exposure to fixed income was reduced further over the period with value still difficult to identify, particularly in developed market sovereign bonds, which appear positively dangerous to our eyes! Fixed income positions remain defensively positioned in funds with relatively short duration and mainly in non-investment grade credits.

The holding in the M&G High Yield Floating Rate Note Fund was sold as we took the view that the prospect of higher UK interest rates, from which the Fund would be a beneficiary, had receded further into the future. The ills of the emerging market bond sector did not escape our attention and a new position was initiated in the Templeton Emerging Markets Bond Fund. With the fund offering a yield of over 9% on acquisition, much of the bad news in emerging markets appeared to be priced in. The return on the fixed income portfolio was positive over the period at 1.8%, with strong underlying income offsetting some capital falls.

Property (5.3%)

Over the period a positive return of 5.5% was generated by your Company's property holdings. However, property exposure has been progressively reduced, as a less positive view of the UK commercial property market was taken. We believe that many of the commercial property sectors are now fairly late in their cycle, and offer yields that are no longer of compelling value. However, we still see value in certain niche property segments that are below the institutional investors' radar screens, where active managers can add value.

General commercial property holdings that were sold included Ediston Properties, which was disposed of late in the period; and Redefine International, which was sold somewhat earlier. We felt the opportunity set was now less attractive for these companies. Another holding disposal during the period was Tritax Big Box REIT. The company's management had built a strong presence in the large distribution centre market and the investment had performed well. However, the yield on such assets has fallen significantly over the past three years, leaving us fearful that the best returns have already been seen.

Another property sale was made during the period when the holding in Assura Group, which owns a portfolio of modern health centres, was sold. This is a sector we find attractive, given the revenue from primary health care facilities is largely funded by the UK government. However, the yield had fallen to less than attractive levels (circa 3.5%). Given that we still find attractions in this niche sector, opportunity was taken to invest in a fund raising by Primary Health Properties, which also owns a diversified portfolio of modern primary healthcare facilities. At the placing price of 100p the new shares offered a more attractive yield of just over 5%.

Outlook

We noted last year that market returns would likely be heavily influenced by macro-economic developments and central bank monetary policy. We were right, though to be frank we felt that they would influence equity markets positively rather than negatively and safe haven bonds negatively rather than positively.

The question now is whether the growth concerns that permeated markets during the period under review will subside or intensify. Economies around the world are on the whole operating below potential and thus still have scope to grow. This is evidenced by consumer price inflation that with the exception of some emerging countries is below the respective central bank target, unemployment rates that to varying degrees still have some way to fall and output gaps that while above levels five years ago are still negative. Recessions normally happen because economies are overheating and central banks are trying to constrain them. This is hardly the case at the moment.

There is no doubt that aggregate private demand in general is weaker than should be expected given the amount of monetary stimulus that has been injected in recent years. Furthermore, more austere fiscal policies at this point in the cycle should ordinarily boost private demand by lowering long-term real interest rates.

Our view is that in the wake of what was the worst financial and economic crisis in the best part of a hundred years, it naturally takes longer for severely battered private sector confidence to recover but this does not mean it won't eventually. Evidence of this can be found in April retail sales in the US, which rose 1.3% compared with the previous month, substantially beating expectations. True, this is only one month of data, but it is the sort of upside surprise we would expect if our thesis is correct.

Given this view of the world, we maintain our moderate overweight position in equities and zero position in developed market safe haven bonds. If we are wrong and growth concerns intensify in the coming months, we have ample scope to move equity weightings higher to take advantage of what would likely be weaker markets.

Finally, a note on our investment process. In April 2015 we introduced a more structured value-oriented investment style which we call Multi-Asset Value Investing. This means that every one of our investment decisions, whether relating to tactical asset allocation or the selection of a UK stock, is made on the basis of there being clear evidence that the market or stock in question is cheap. This approach will not necessarily dampen volatility in the short term but what it will do, we believe, is limit the potential for real capital loss in the medium to long term. Safe haven bonds are a good example of this – they may well be low volatility and thus good diversifiers but their low or negative real yields mean they almost certainly will be poor investments over the longer term.

Seneca Investment Managers Limited

9 June 2016

Income Statement
For the year ended 30 April 2016

	Notes	Year ended 30 April 2016		£'000 Total
		£ '000 Revenue	£'000 Capital	
Losses on investments		-	(1,723)	(1,723)
Income		3,120	-	3,120
Investment management fee		(247)	(247)	(494)
Administrative expenses		(434)	-	(434)
Exchange gains		-	16	16
Profit before interest payable and taxation		2,439	(1,954)	485
Finance costs		(52)	(52)	(104)
Profit before taxation		2,387	(2,006)	381
Taxation		-	-	-
Profit after taxation		2,387	(2,006)	381
Return per share (pence)	2	5.98	(5.03)	0.95

The total column of this statement represents the profit and loss account of the Company. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the year.

The accompanying notes are an integral part of the financial statements.

Income Statement
For the year ended 30 April 2015

	Notes	Year ended 30 April 2015		£'000 Total
		£ '000 Revenue	£'000 Capital	
Gains on investments		-	3,390	3,390
Income		3,044	-	3,044
Investment management fee		(241)	(241)	(482)
Administrative expenses		(393)	-	(393)
Exchange gains		-	6	6
Profit before interest payable and taxation		2,410	3,155	5,565
Finance costs		(60)	(60)	(120)
Profit before taxation		2,350	3,095	5,445
Taxation		-	-	-
Profit after taxation		2,350	3,095	5,445
Return per share (pence)	2	5.89	7.76	13.65

The total column of this statement represents the profit and loss account of the Company. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the year.

The accompanying notes are an integral part of the financial statements.

Balance Sheet

	Notes	As at 30 April 2016 £'000	As at 30 April 2015 £'000
Fixed assets			
Investments held at fair value through profit or loss		64,668	65,988
Current assets			
Debtors and prepayments		396	501
Cash and short term deposits		676	1,217
		1,072	1,718
Creditors: amounts falling due within one year			
Bank loan		(7,000)	(7,000)
Other creditors		(112)	(115)
		(7,112)	(7,115)
Net current liabilities		(6,040)	(5,397)
Net assets		58,628	60,591
Capital and reserves			
Called up share capital		9,974	9,974
Share premium account		1,445	1,445
Special reserve		41,783	41,783
Capital redemption reserve		2,099	2,099
Capital reserve		2,319	4,325
Revenue reserve		1,008	965
Equity shareholders' funds		58,628	60,591
Net asset value per share (pence)	3	146.95	151.87

**Reconciliation of Movements in Shareholders' Funds
For the year ended 30 April 2016**

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 April 2015	9,974	1,445	41,783	2,099	4,325	965	60,591
Total comprehensive income	-	-	-	-	(2,006)	2,387	381
Dividends paid	-	-	-	-	-	(2,344)	(2,344)
Balance at 30 April 2016	9,974	1,445	41,783	2,099	2,319	1,008	58,628

**Reconciliation of Movements in Shareholders' Funds
For the year ended 30 April 2015**

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 April 2014	9,974	1,445	41,783	2,099	1,230	847	57,378
Total comprehensive income	-	-	-	-	3,095	2,350	5,445
Dividends paid	-	-	-	-	-	(2,232)	(2,232)
Balance at 30 April 2015	9,974	1,445	41,783	2,099	4,325	965	60,591

Cash Flow Statement

	Year Ended 30 April 2016 £'000	Year Ended 30 April 2015 £'000
Net return before finance costs and taxation	485	5,565
Adjustments for:		
Loss/(gain) on investments	1,723	(3,390)
Exchange movements	(16)	(6)
Dividends	(3,118)	(3,039)
Dividends received	3,227	3,213
Interest income	(2)	(5)
Interest income received	2	5
Loan interest paid	(117)	(117)
(Increase)/decrease in other debtors	(4)	2
Increase in other creditors	10	10
Net cash inflow from operating activities	2,190	2,238
Investing Activities		
Purchases of investments	(38,024)	(22,789)
Sales of investments	37,621	23,815
Net cash (outflow)/inflow from investing activities	(403)	1,026
Financing Activities		
Equity dividends paid	(2,344)	(2,232)
Net cash outflow from financing activities	(2,344)	(2,232)
(Decrease)/increase in cash	(557)	1,032
Exchange movements	16	6
Opening balance	1,217	179
Closing balance	676	1,217

Principal Risks and Uncertainties

The principal risks faced by the Company are: investment and strategy risk; market risk; financial risk; earnings and dividend risk; operational risk; regulatory risk and key man risk. These risks, which have not changed materially since the annual report for the year ended 30 April 2015, and the way in which they are managed, are described in more detail in the annual report for the year ended 30 April 2016. The report will be made available on the manager's website www.senecaim/sigt during June 2016.

Risk management, financial assets and liabilities

The Company's financial instruments comprise:

- Equities that are held in accordance with the Company's investment objective;
- Term loans, the main purpose of which are to raise finance for the Company's operations;
- Cash and liquid resources that arise directly from the Company's operations; and
- Other short term debtors and creditors

The main risks arising from the Company's financial instruments are market risk, interest rate risk, credit risk, liquidity and foreign currency risk. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the inception of the Company.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is not considered to be significant as the Company's assets comprise of mainly readily realisable securities, which can be sold to meet funding commitments if necessary.

Market risk

Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

To mitigate the risk the Board's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long term investments. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy.

Interest rate risk

Financial assets

Prices of bonds and open ended investment companies (on a look-through basis) are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, the Government's fiscal position, short-term interest rates and international market comparisons. The Investment Manager takes all these factors into account when making any investment decisions as well as considering the financial standing of the potential investee company.

Financial liabilities

The Company finances its operations through the use of a loan facility. The Board sets borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis.

Foreign currency risk

The income and capital value of the Company's investments are mainly denominated in Sterling; therefore, the Company is not subject to any material risk of currency movements.

Other price risk

Other price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. The allocation of assets to international markets and the stock selection process both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges worldwide.

Credit risk

Credit risk represents the failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

The risk is not considered significant, and is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the Investment Manager, and limits are set on the amount that may be due from any one broker;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports by the Administrator on a daily basis. In addition, the Administrator carries out a stock reconciliation to the Custodian's records on a weekly basis to ensure discrepancies are picked up on a timely basis. The Manager's Compliance department carries out periodic reviews of the Custodian's operations and reports its findings to the Manager's Risk Management Committee; and
- cash is held only with reputable banks with high quality external credit enhancements.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they present a fair, balanced and understandable report and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006, where applicable. They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Statement of Corporate Governance that comply with that law and those regulations. The financial statements are published on www.senecaim/sigt/ which is a website maintained by the Company's Manager. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- that in the opinion of the Directors, the Annual Report and Accounts taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

For Seneca Global Income & Growth Trust plc
Richard Ramsay
Chairman
9 June 2016

Notes

1. The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. The financial statements are prepared in sterling which is the functional currency of the Company and are rounded to the nearest £'000. They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis.

2. Return per ordinary share

The revenue return per Ordinary share is calculated on net revenue on ordinary activities after taxation for the year of £2,387,000 (2015 - £2,350,000) and on 39,896,361 (2015 – 39,896,361) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The capital return per Ordinary share is calculated on net capital loss for the year of £(2,006,000) (2015 – gains of £3,095,000) and on 39,896,361 (2015 – 39,896,361) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The total return per Ordinary share is calculated on total return for the year of £381,000 (2015 – gains of £5,445,000) and on 39,896,361 (2015 – 39,896,361) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

3. Net asset value per ordinary share

The net asset value per Ordinary share is based on net assets of £58,628,000 (2015: £60,591,000) and on 39,896,361 (2015: 39,896,361) Ordinary shares, being the number of Ordinary shares in issue at the year end.

4. Dividends

A fourth interim dividend in respect of the year ended 30 April 2016 of 1.52p (2015 – 1.47p) per Ordinary share will be paid on 10 June 2016 to shareholders on the register on 20 May 2016. In accordance with UK Accounting Standards this dividend has not been included as a liability in these accounts and will be recognised in the period in which it is paid.

5. Related parties

The Directors of the Company receive fees for their services.

6. Bank loan facility

The Company has a £7 million revolving loan facility in place with Royal Bank of Scotland plc, of which at 30 April 2016 the full amount had been drawn down at an all-in rate of 1.2073%. The facility runs until October 2017 and can be cancelled at any time without cost to the Company.

7. Financial information

These are not full statutory accounts for the year ended 30 April 2016. The full audited annual report and accounts for the year ended 30 April 2016 will be sent to shareholders in June 2016 and will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The full audited accounts for the year ended 30 April 2015, which were unqualified, have been lodged with the Registrar of Companies.

8. The report and accounts for the year ended 30 April 2016 will be made available on the website www.senecaim/sigt/. Copies may also be obtained from the Company's registered office, Twelfth Floor, One London Wall, London EC2Y 5AB

Enquiries:

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