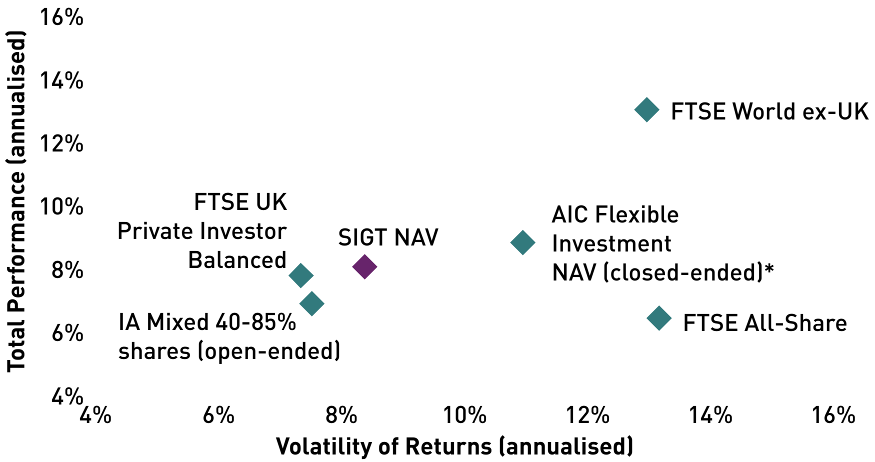
SENECA INVESTMENT MANAGERS | Multi-Asset Value Investing

Seneca Global Income & Growth Trust plc

Half-Yearly Financial Report

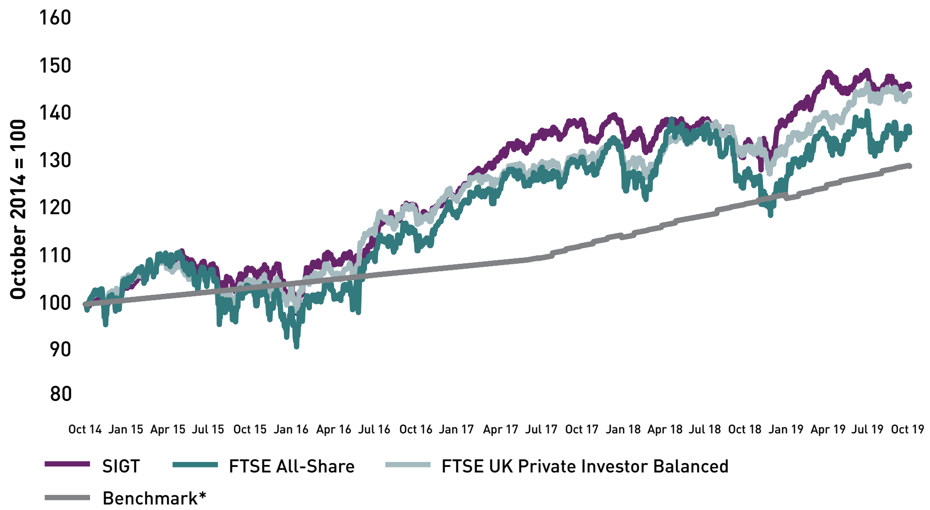
Six months ended 31 October 2019

Chart 1 – Total Return and Volatility Level for the five year period to 31 October 2019



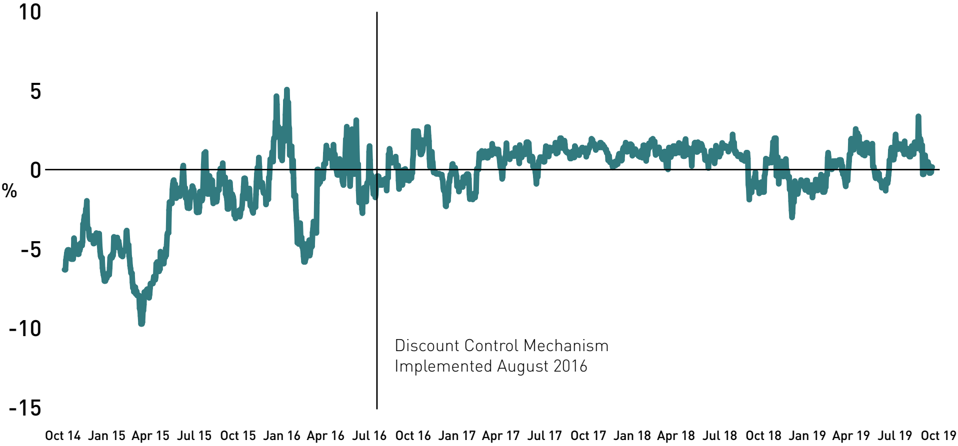
Source: FTSE Russell®/Morningstar/Seneca Investment Managers
*Unweighted average NAV

Chart 2 – Cumulative Growth, NAV Total Return, GBP



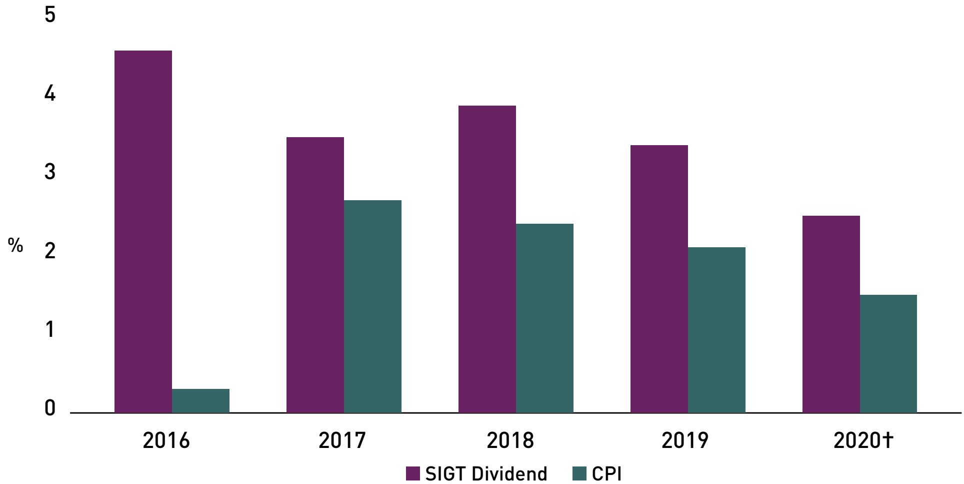
Source: FTSE Russell®/Seneca Investment Managers
*The benchmark return is calculated using a blended return based on the benchmark of CPI+6%, effective from 7 July 2017 and previously of 3 month LIBOR GBP+3%.

Chart 3 – Company Premium/(Discount) % (based on cum income NAV)



Source: Bloomberg

Chart 4 – Dividend Growth* vs CPI



Source: Bloomberg
* Financial Year Dividend
†Derived from the first and second interim dividends for the year ending 30 April 2020 against annualised CPI at 31 October 2019.

Highlights

Performance (total return)	Six months ended 31 October 2019
Share price	-0.8%
Net asset value	-1.6%
Benchmark*	+3.7%

	31 October 2019	30 April 2019	Change
Total assets (£'000)[A]	92,149	91,940	+0.2%
Total equity shareholders' funds (£'000)	85,149	84,940	+0.2%
Share price (mid-market)	173.50p	178.25p	-2.7%
Net asset value per share	172.89p	179.08p	-3.5%
Premium/(discount) to net asset value	0.4%	(0.5)%	
Dividends per Ordinary share	3.36p	3.28p	+2.4%

[A] Total assets less current liabilities (excluding bank debt).

Total Returns against comparator indices for periods to 31 October 2019

	Cumulative			
	6 month	1 year	3 year	5 year
SIGT NAV	-1.6%	+10.3%	+21.9%	+47.9%
SIGT share price	-0.8%	+11.8%	+22.1%	+58.1%
Benchmark*	+3.7%	+7.5%	+21.5%	+30.3%
AIC Flexible Investment Sector (unweighted average NAV)	+3.6%	+8.0%	+20.4%	+51.6%
FTSE UK Private Investor Balanced	+3.0%	+8.4%	+21.0%	+45.9%
FTSE All-Share Index	+0.4%	+6.7%	+19.2%	+37.8%
FTSE All-World ex UK Index	+4.3%	+12.0%	+33.0%	+82.3%
FTSE Actuaries UK Conventional Gilts All-Stocks Index	+7.3%	+10.3%	+12.4%	+29.9%

Source: FTSE Russell®/Morningstar/Seneca Investment Managers
* The benchmark return is calculated using a blended return based on the benchmark of CPI +6% from 7 July 2017 and previously of LIBOR GBP +3%.

Chairman's Statement

Highlights for the period

- **Net asset value total return -1.6% vs Benchmark +3.7%**
- **Share price total return -0.8%**
- **Annualised volatility 6.2% compared with 11.4% for FTSE All-Share Index**
- **Quarterly dividend increased by 2.4% to 1.68p**
- **Discount Control Mechanism - issuance £4.5m; buy-ins £1.2m**
- **Shares traded very closely around net asset value for the whole period**
- **AGM approved all Resolutions by over 99% majority**

Performance

Seneca Global Income & Growth Trust plc ('SIGT' or 'the Company') generated a net asset value ('NAV') total return per share of -1.6% for the six months to 31 October 2019. This was below the CPI +6% annualised Benchmark, which over the six months provided a return of +3.7%. From time to time, underperformance over short periods will occur and is an inevitable consequence of the volatility of underlying financial markets as well as SIGT's high conviction and longer term investment approach. The Board believes returns are better judged over longer periods; for example, over the five years to 31 October 2019, SIGT's NAV per share total return was +47.9% and the Benchmark return was +30.3%.

When looked at overall, the six months appear unremarkable. Sterling ended the period about where it began against the dollar and the euro. The FTSE All-Share Index total return was just positive and the US stock market rose a little. These beginning to end period comparisons hide considerable intra-period movements, especially in relation to the UK as possible Brexit outcomes influenced markets in competing directions. SIGT's UK equity exposure is predominately focused on mid-cap companies whose performance is more closely tied to the UK's economic fortunes than that of large-cap companies. By and large, these mid-cap companies performed well in the period especially when fears of a no-deal Brexit receded. SIGT's lack of exposure to US equities and to sovereign debt both detracted from performance. These positions have been so for some time and are very much valuation led. Overall, the portfolio performed reasonably in a particularly volatile period.

The Manager's Review provides more detailed analysis on performance for the period.

Dividends

The Company paid two interim dividends of 1.68p per share for the period, an increase of 2.4% on the equivalent dividends last year. Inflation, as represented by the Consumer Price Index, was 1.5% over the trailing 12 months meaning SIGT achieved its objective of growing dividends at least in line with inflation. It is the Board's intention, barring unforeseen circumstances, that it will at least maintain the quarterly rate of 1.68p per share for the full year to 30 April 2020 and, based on this quarterly rate, the shares yielded 3.9% on the share price of 173.5p at the period end.

Discount Control Mechanism ('DCM')

The Company's DCM has been operating since August 2016 and, in the six months under review, it issued 2,535,000 shares and bought-in 714,000 shares, resulting in net issuance of 1,821,000 shares. The Board is delighted to have been able to demonstrate its commitment to the DCM by both buying-in and issuing shares. The liquidity and very low discount volatility that the DCM provides is, the Board believes, of real value to Shareholders. Since August 2016, the operation of the DCM has resulted in net issuance of 9,354,727 shares (an increase of 23% in the Ordinary share capital) and as shares are issued at a small premium and bought-in at a small discount, the NAV of the Company has been enhanced by £147,034 after all applicable costs.

Gearing

SIGT has available to it a debt facility of £14m of which £7m was drawn down during the period. The actual average net gearing level for the period was 2.8% as some of the drawn facility was held in cash, or similar, reflecting the Manager's caution and also to allow virtually instant access to funds should the need arise. The undrawn element of the facility is in place largely to assist with the operation of the DCM, enabling gearing levels to be maintained as the DCM results in the issuance of new shares, and/or providing short term working capital, if necessary, when shares are bought-in.

Board Composition

As alluded to in the Annual Report, Ian Davis has now retired from the Board following a suitable hand-over to Sue Inglis who now becomes Chair of the Audit Committee. Ian has served on the Board for over 14 years. During that time his technical expertise and wise counsel have been much valued and appreciated by his Board colleagues and the Manager. As noted in the Annual Report, it is intended to recruit another Director in due course so that the Board comprises four members able to provide inputs from different perspectives and robust governance.

Investment Manager

In October, it was announced that Peter Elston had resigned from the Manager for personal reasons, and the Board wishes to record its gratitude to Peter for his contribution over the last five years. The Manager operates a team approach to the management of SIGT and that will continue with Gary Moglione providing portfolio oversight, as he has been doing jointly with Peter for over a year. Gary joined the Manager in April 2018 and has twenty years' investment experience, much of it involving multi-asset mandates. The other three members of the investment team have been employed by the Manager for an average of 13 years providing real depth of experience and excellent continuity.

Annual General Meeting ('AGM')

At the AGM held in July, Shareholders approved all Resolutions, each by a majority of over 99%, including those that help with the effective management of the DCM specifically allowing the Company to issue shares equivalent to 30% of its equity and to buy-in up to 14.99%.

Investment Outlook

During the period, the Manager continued the gradual process of the last two years or so of reducing the Company's equity exposure. The amount of reduction was modest and indeed was briefly paused during the period. While some modest further reduction is likely, the Manager considers the reductions near their end. There are signs that valuations of some equities now reflect much of the risk and prevailing uncertainty. The UK has of course been dominated by Brexit uncertainty and with an election now looming, it is difficult (and dangerous) to predict the outcome of either. Elsewhere, US-China trade discussions rumble on, and future US monetary policy remains uncertain. The Board is comforted that the Manager's well-established, disciplined and distinctive investment policy and process continues in a consistent manner. The diverse range of assets comprising the Company's portfolio should provide reasonable returns over time, as well as real risk reduction, which seems particularly relevant in the current environment.

Richard Ramsay

Chairman

3 December 2019

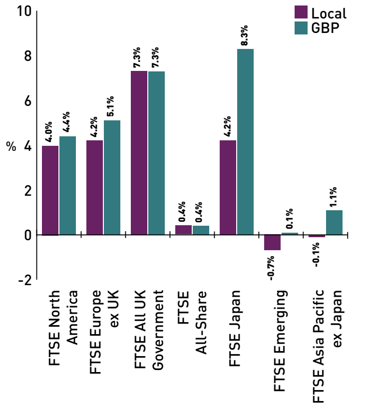
Manager's Review

Overview

Our focus as investment managers of the Company is to invest with a long-term investment horizon and a strong, valuation led investment process. We invest with conviction and do not follow the herd. Nor are we compelled to build our portfolios around benchmark allocations. We strongly believe that this will deliver compelling long-term returns for investors and our track record supports this. There will, however, be periods when the market is not being driven by valuation fundamentals. As a result, we will periodically underperform. This has been one of those periods. We have had zero exposure to some of the best performing asset classes and our value style has meant we have lacked exposure to the highest performing stocks. US equities and sovereign bonds are the two major exposures that are lacking. Both of these asset classes are trading at or close to multi-decade highs. If the most expensive areas of the market are getting more expensive then we will not participate.

Investors currently inhabit a world full of extreme valuations and unusual economic conditions. These extremes are causing huge disparities whether they be between value and growth stocks, sterling and foreign currencies or UK domestic earnings versus international earnings. Our process is not designed to capture strong returns when these disparities are growing. It is designed to look through the short-term mindset, position the portfolio appropriately and patiently wait for extreme positions to normalise. Hence we are currently reducing our exposures to valuations that have become stretched as the herd instinct takes hold and moving that capital into the more neglected corners of the market. The extreme highs and lows in stock markets take a long time to build and usually form over a number of years but the reversals tend to be much quicker. We are and will remain prepared for such reversals.

Major financial market total returns for the six month period ended 31 October 2019

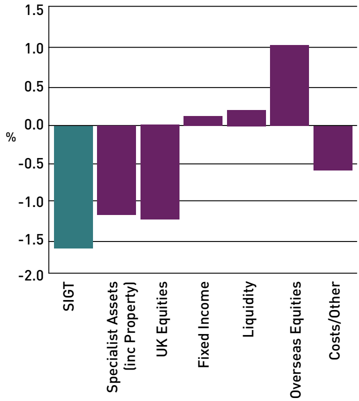


Source: FTSE Russell®/Seneca Investment Managers. Total returns expressed in sterling and local currency.

Performance

The share price total return over the period was -0.8% with a net asset value total return per share of -1.6%. The chart above highlights developed equities outperforming developing as the US/China tensions persisted throughout the period. The impact of currency was relatively muted with the exception of the sterling/yen rate. This masks some currency volatility as sterling depreciated significantly in the earlier months of the period due to Brexit concerns but then rebounded quite sharply in October as hopes were raised of an agreement. To give an example, at times during the period sterling was almost 8% lower versus the dollar but by the end of October the decline had been reduced to 1.6%.

Contribution analysis by asset class for the six month period to 31 October 2019



Source: Seneca Investment Managers/StatPro Revolution

Negative returns were driven primarily by the exposure to equities and specialist assets with two investments (Kier Group and Woodford Patient Capital Trust) being the major negative contributors. Our overseas equity exposure performed well with one of the major drivers being our holding in Investec Global Gold Fund which has a focus on gold mining companies and benefitted from the gold price rising almost 18% over the period. Our liquidity exposure includes a physical gold ETC which explains why liquidity had a meaningful positive contribution.

Contribution analysis by individual holdings in the six month period to 31 October 2019

Top 5 Contributors	Asset Class	Contribution
Arrow Global Group	UK Equities	+0.45%
Investec Global Gold Fund	Overseas Equities	+0.45%
Marston's	UK Equities	+0.39%
Ultra Electronic Holdings	UK Equities	+0.39%
Babcock International	UK Equities	+0.23%

Bottom 5 Contributors	Asset Class	Contribution
Kier Group	UK Equities	-1.21%
Woodford Patient Capital Trust	Private Equity*	-0.94%
Marks & Spencer	UK Equities	-0.46%
Halfords Group	UK Equities	-0.33%
Ediston Property Investment Company	Property*	-0.27%

*Subsets of Specialist Assets

Source: Seneca Investment Managers/StatPro Revolution

The table mainly consists of UK equities, both positive and negative. We have had two stock specific laggards in Kier Group and Woodford Patient Capital Trust. The other negative contributors highlight the negative sentiment to UK retail with Halfords Group and Marks & Spencer suffering from a lacklustre retail environment and a weak pound. Ediston Property Investment Company also suffered due to its exposure to retail property in the UK. To give some perspective, the rent generated on Ediston's retail warehouses has actually increased over the last 12 months. In the period the NAV had declined by 3% as the independent valuers factored in the negative retail environment. The share price declined over 19% putting the trust at a 21% discount by the end of September (the most recent published NAV). We used this as a buying opportunity.

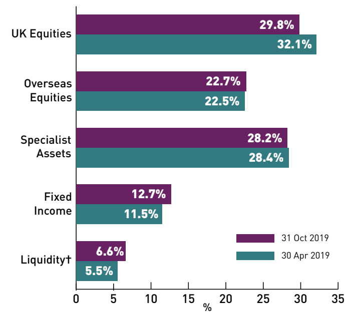
Asset Allocation

We have continued with our road map of gradually reducing equity risk in the portfolio. The current bull market is now the longest in history and has taken many by surprise in its longevity. It is still not as successful in terms of returns as the 1990s bull market which saw the S&P 500 return 417%. We are getting close with S&P 500 returns at 382% from February 2009 to October 2019 in local currency. Therefore, we strongly believe that our focus now should be on taking profits and ensuring the portfolio is protected for the next phase of markets which will be a bear market and a recession. Valuations are stretched across many asset classes but there are pockets of value in each.

We reduced our equity allocation target in June by 1%. We took this from our European ex UK and Japanese allocations. This funded an increase in our exposure to gold.

Shareholders may note from the asset allocation chart opposite that our allocation to UK equities is now 2.3% lower than at 30 April 2019. This is not an asset allocation move. This is mainly due to our allocation to AJ Bell as at 30 April 2019. The stock had performed exceptionally well and had more than doubled since it's December IPO. As we held this position before the IPO we were subject to a six month lock-up which resulted in a position size of 7.4% on 30 April 2019. This put our total UK equity allocation at 32.1% which was overweight to our target allocation of 29.5%. The lock up has since expired and we have sold down the position to a much more manageable 1.26% as at 31 October 2019. We have left our UK equity allocation untouched and it remains at 29.5% despite our focus on reducing equity exposure. This is because we feel the Brexit problems have created a real value opportunity in the UK. The overall market is fairly valued but there are broad valuation disparities within it that we seek to take advantage of. The UK stock market is a diverse range of domestic and global businesses. Prior to Brexit both groups of stocks traded on similar valuations. Since the Brexit vote the multiple paid for UK earnings has de-rated significantly whereas dollar earnings in the UK market have positively re-rated. The valuation gap between the two groups peaked in this period with average P/Es for dollar earners hitting 21x and sterling earners 8x as at the end of July. These types of valuation disparities do not persist forever. Our UK equity exposure is now heavily skewed towards domestic stocks and therefore we have protected our UK equity exposure from asset allocation reductions. We did not, therefore, follow our recent policy of quarterly equity reductions in the third calendar quarter and we left our allocations as they were. This is not a change in policy but more a pause as the cycle is persisting for much longer than anticipated when we began our reductions and barring exceptional changes to the environment we will continue to de-risk the portfolio in the coming months.

Portfolio asset allocation comparison between 30 April and 31 October 2019



Source: Seneca Investment Managers. All figures are expressed as a percentage of total investments plus cash.
† Includes: cash, managed liquidity and physical gold ETC.

UK Equities

A new investment was made in Purplebricks Group, the online estate agency. The company was founded in 2014 and has already successfully disrupted the market to become the largest estate agency in the UK, with a market share exceeding 4%. We believe that the company's novel fee structure and technology enhanced service offering will enable it to continue taking market share. Operating leverage should then lead to free cash flow growing ahead of revenues. There is significant scope for the group to increase ancillary revenues and grow revenue per instruction. The board has recently been refreshed and a new CEO installed - Vic Darvey, former MD of Moneysupermarket.com. The group is exiting the US and Australia, to focus solely on the UK and Canada where it already has an established presence. This should leave the company cash flow positive and with over £50m of net cash on the balance sheet.

We reduced troubled construction and support services firm Kier Group earlier in the reporting period after insurers started withdrawing cover for trade suppliers. Since then the situation has stabilised somewhat, with the appointment of Andrew Davies as CEO (formerly CEO of Wates Group) and a new Finance Director. A strategic review has been undertaken which we believe will put the company on a significantly sounder financial footing. The group intends to dispose of its housebuilding division and reduce the amount of capital invested in property development. Combined, this should materially reduce debt levels and working capital volatility. We believe there remains material upside to the shares and have added to the position lower down. However, execution risk remains which is why we maintain a relatively smaller weighting to the stock.

Ultra Electronic Holdings was reduced after re-rating considerably over the previous six months. The group is now under the stewardship of Simon Pryce, who has a strong track record in managing portfolios of businesses from his time spent as CEO of BBA Aviation. Interim results exhibited strong revenue and order book growth.

Marston's was also reduced, having re-rated through the year. The sector has been buoyed by M&A activity; most recently CK Assets bidding for Greene King.

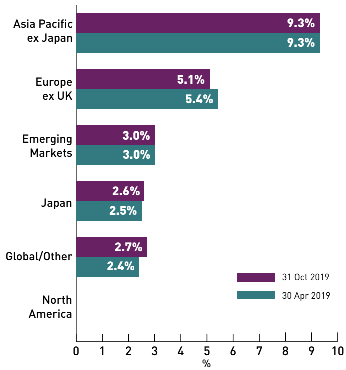
Marks & Spencer launched and subsequently completed its rights issue to fund its JV investment with Ocado on terms that were more dilutive than expected. The Company participated in the rights issue and rump placing.

Overseas Equities

The main changes made to our overseas equity allocation were within our Japanese exposure. During the period we exited our exposure to Coupland Cardiff Japan Trust. This exposure has been replaced by Morant Wright Fuji Yield Fund. Morant Wright is a boutique with an excellent 20-year track record in managing Japanese equities. The fund is managed by a team of six very experienced portfolio managers with backgrounds from F&C, Schroders and Henderson. They have a value bias and seek companies with a strong balance sheet and/or business franchise trading at low valuations. At the time of purchase the portfolio was trading at a price to book of less than 1 and the majority of underlying holdings had net cash on the balance sheet. Value stocks have sold off significantly over the period so we saw this as an attractive entry point to gain exposure to this manager.

We also made additional investments into our positions in Invesco Perpetual European Equity Income Fund, HMG Global Emerging Markets and CIM Dividend Income Fund. We also reduced European Assets Trust.

Movement in overseas equity allocations over the six month period to 31 October 2019



Source: Seneca Investment Managers. All figures are expressed as a percentage of total investments plus cash.

The largest differentiating feature of our equity allocation is that we maintain a zero percent exposure to North American equities. All three major US indices have recently achieved record levels and the dollar reached a peak of almost 1.20 versus sterling in August. Investors would have to go back to 1985 to find the rate lower than this. Therefore, with our long-term outlook we are completely comfortable with our stance on US equities.

Specialist Assets

Early in the period we actively reduced the holding sizes of Greencoat UK Wind and International Public Partnerships based on their share price strength. The weighting of Sequoia Economic Infrastructure Income Fund was also reduced as its sister fund, the OEIC, increased in size with inflows and we anticipated the trust would issue further equity at a lower price. Soon afterwards, it was indeed announced that Sequoia and Greencoat were to raise further equity at prices that were below their prevailing market price, which allowed us to bring weightings back up to target. Reflective of the eager demand from the market for infrastructure assets, further follow-on fund raises were announced and successfully completed by Sequoia and International Public Partnerships, meaning they issued twice in the six-month period under the ongoing stock issuance programmes. These programmes continue to help broaden their portfolio and dilute their cost base.

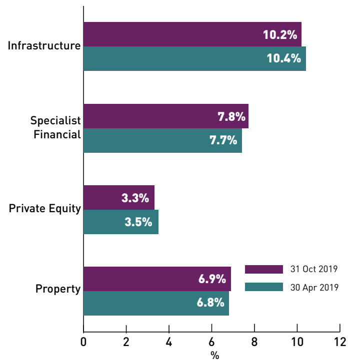
There have been good financial results within the specialist assets portfolio. In addition to strong financial performances, LondonMetric and Assura announced sensible strategic asset acquisitions which will help their future GP surgery and health centre property asset management strategies. Ediston Property Investment Company was a negative contributor. The trust's quarterly NAV declined 3% (March to September) as the independent valuer reduced the property valuation due to negative sentiment in the retail sector. The share price had a more extreme reaction and declined 19% over the same period. We used this as an opportunity to buy more stock. In infrastructure JLEN Environmental Assets Group showed its investment into Anaerobic Digestion plants had performed well operationally and ahead of budget. Meanwhile, Hipgnosis Songs Fund has built up a well-diversified portfolio of songs across the genres of the last 30 or more years.

In private equity we supported the second and third rounds of equity fund raising by Merian Chrysalis Investment Trust. We were pleased with the initial portfolio of pre-IPO companies within the trust since December 2018, including Transferwise and Graphcore. Following the second-round equity raising the trust announced new private company investments for its portfolio: Embark, Klarna and Sorted. These well received investments helped build sufficient demand to support their £175m of issuance in the third round. Woodford Patient Capital Trust has been very disappointing after a number of write downs within the portfolio, concerns over debt covenants and wider problems within Woodford Investment Management. However, we have engaged regularly with the board through this difficult time and welcome the appointment of Schroders as the trust's new manager, who should be in a position to take full control of its management before the end of the year.

We have increased the target weight to Doric Nimrod Air Three and reduced the amount allocated to Doric Nimrod Air Two. This is in order to extend the date of expiry of A380 leases with Emirates that the fund has exposure to and increase the length of income to come from the leases.

Towards the end of the six-month period Hipgnosis Songs Fund issued a line of further equity in which we participated to help support portfolio diversification of the fund's music royalties.

Movement in Specialist Assets equity allocations over the six month period to 31 October 2019



Source: Seneca Investment Managers. All figures are expressed as a percentage of total investments plus cash.

Fixed Income

We have not added any new funds to this allocation over the period. We made an addition to our existing holding in Twenty Four Select Monthly Income Fund and the two Royal London Funds (Short Duration Global High Yield and Sterling Extra Yield). We also added to our exposure to Franklin Templeton Emerging Market Bond Fund. Our main focus in our fixed income exposure continues to be funds with low interest rate risk.

Portfolio Income

One of the major benefits derived from operating a multi-asset approach is the wide range of sources from which income can be derived. This high level of diversification provides a good degree of certainty around the portfolio's ability to produce an income stream that is not only robust but also capable of growth over time. Our focus on sustainable income has helped to increase the levels of income despite an increasingly volatile political and economic climate.

Outlook

We have enjoyed the fruits of a 10-year bull run in investment markets but the signs are there that things will change. One of the preferred recession indicators used by the Federal Reserve is the 10 year/3-month yield curve which was inverted for the majority of the third calendar quarter. PMIs are falling, tensions remain high between the US and China and in the UK we will still have many more twists and turns before there is any resolution to Brexit. We are keen to continue to reduce risk and increase diversification in the portfolio. Our flexibility to allocate across different asset classes including the broad specialist assets market, combined with our smaller size, should allow us to navigate both the risks and opportunities that present themselves.

Seneca Investment Managers Limited

3 December 2019

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Income Statement

		Six months ended 31 October 2019 (unaudited)		
	Notes	**Revenue £'000**	**Capital £'000**	**Total £'000**
(Losses)/gains on investments		–	(3,015)	(3,015)
Income	2	2,325	–	2,325
Investment management fee		(169)	(169)	(338)
Administrative expenses		(265)	–	(265)
Exchange losses		–	(1)	(1)
Profit/(loss) before finance costs and taxation		**1,891**	**(3,185)**	**(1,294)**
Finance costs		(47)	(47)	(94)
Profit/(loss) before taxation		**1,844**	**(3,232)**	**(1,388)**
Taxation		–	–	–
Profit/(loss) for period/total comprehensive income		**1,844**	**(3,232)**	**(1,388)**
Return per share (pence)	3	**3.78**	**(6.63)**	**(2.85)**

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.

	Six months ended 31 October 2018 (unaudited)			Year ended 30 April 2019 (audited)		
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
	–	(4,583)	(4,583)	–	3,071	3,071
	2,285	–	2,285	4,510	–	4,510
	(166)	(166)	(332)	(326)	(326)	(652)
	(254)	–	(254)	(498)	–	(498)
	–	(1)	(1)	–	–	–
	1,865	**(4,750)**	**(2,885)**	**3,686**	**2,745**	**6,431**
	(45)	(45)	(90)	(91)	(91)	(182)
	1,820	**(4,795)**	**(2,975)**	**3,595**	**2,654**	**6,249**
	(9)	–	(9)	(12)	1	(11)
	1,811	**(4,795)**	**(2,984)**	**3,583**	**2,655**	**6,238**
	3.74	**(9.91)**	**(6.17)**	**7.50**	**5.55**	**13.05**

Balance Sheet

	Notes	As at 31 October 2019 (unaudited) £'000	As at 31 October 2018 (unaudited) £'000	As at 30 April 2019 (audited) £'000
Fixed assets				
Investments at fair value through profit or loss	8	90,040	81,930	90,225
Current assets				
Debtors and prepayments		303	682	596
Cash and short term deposits		2,046	1,736	1,421
		2,349	2,418	2,017
Creditors: amounts falling due within one year				
Bank loan		(7,000)	(7,000)	(7,000)
Other creditors		(240)	(165)	(302)
		(7,240)	(7,165)	(7,302)
Net current liabilities		**(4,891)**	**(4,747)**	**(5,285)**
Net assets		**85,149**	**77,183**	**84,940**
Capital and reserves				
Called-up share capital		12,400	12,309	12,309
Share premium account		15,846	15,290	15,312
Special reserve		41,436	38,766	38,824
Capital redemption reserve		2,099	2,099	2,099
Capital reserve	5	11,181	6,963	14,413
Revenue reserve		2,187	1,756	1,983
Equity shareholders' funds		**85,149**	**77,183**	**84,940**
Net asset value per share (pence)	6	172.89	162.87	179.08

Statement of Changes in Equity

Six months ended 31 October 2019 (unaudited)

	Notes	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 April 2019		12,309	15,312	38,824	2,099	14,413	1,983	84,940
Total comprehensive income		–	–	–	–	(3,232)	1,844	(1,388)
Dividends paid	4	–	–	–	–	–	(1,640)	(1,640)
DCM costs		–	(18)	–	–	–	–	(18)
Shares bought back into treasury	7	–	–	(1,237)	–	–	–	(1,237)
Shares issued from treasury	7	–	–	3,849	–	–	–	3,849
New shares issued	7	91	552	–	–	–	–	643
Balance at 31 October 2019		**12,400**	**15,846**	**41,136**	**2,099**	**11,181**	**2,187**	**85,149**

Six months ended 31 October 2018 (unaudited)

	Notes	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 April 2018		11,905	12,942	41,783	2,099	11,758	1,540	82,027
Total comprehensive income		–	–	–	–	(4,795)	1,811	(2,984)
Dividends paid	4	–	–	–	–	–	(1,595)	(1,595)
DCM costs		–	(17)	–	–	–	–	(17)
Shares bought back into treasury	7	–	–	(3,017)	–	–	–	(3,017)
New shares issued	7	404	2,365	–	–	–	–	2,769
Balance at 31 October 2018		**12,309**	**15,290**	**38,766**	**2,099**	**6,963**	**1,756**	**77,183**

Year ended 30 April 2019 (audited)

	Notes	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 April 2018		11,905	12,942	41,783	2,099	11,758	1,540	82,027
Total comprehensive income		–	–	–	–	2,655	3,583	6,238
Dividends paid	4	–	–	–	–	–	(3,140)	(3,140)
DCM costs		–	(66)	–	–	–	–	(66)
Shares bought back into treasury	7	–	–	(3,775)	–	–	–	(3,775)
Shares issued from treasury	7	–	40	816	–	–	–	856
New shares issued	7	404	2,396	–	–	–	–	2,800
Balance at 30 April 2019		**12,309**	**15,312**	**38,824**	**2,099**	**14,413**	**1,983**	**84,940**

Cash Flow Statement

	Six months ended 31 October 2019 (unaudited) £'000	Six months ended 31 October 2018 (unaudited) £'000	Year ended 30 April 2019 (audited) £'000
Net return before finance costs and taxation	**(1,294)**	**(2,885)**	**6,431**
Adjustments for:			
Losses/(gains) on investments	3,015	4,583	(3,071)
Exchange movements	1	1	–
Investment income	(2,325)	(2,285)	(4,510)
Investment income received	2,637	2,536	4,500
Loan interest paid	(86)	(83)	(167)
Tax paid	–	(9)	(14)
Increase in other debtors	(22)	(4)	(14)
Increase/(decrease) in other creditors	44	(26)	7
Net cash inflow from operating activities	**1,970**	**1,828**	**3,162**
Investing activities			
Net cash outflow from financial investment	(2,944)	(4,903)	(5,089)
Net cash outflow from investing activities	**(2,944)**	**(4,903)**	**(5,089)**
Financing activities			
Proceeds of share issues	4,492	2,752	3,590
Cost of shares bought back	(1,252)	(3,018)	(3,775)
Equity dividends paid	(1,640)	(1,595)	(3,140)
Net cash inflow/(outflow) from financing activities	**1,600**	**(1,861)**	**(3,325)**
Increase/(decrease) in cash	626	(4,936)	(5,252)
Exchange movements	(1)	(1)	–
Opening balance	1,421	6,673	6,673
Closing balance	**2,046**	**1,736**	**1,421**

Notes to the Accounts

1 Accounting policies

Basis of accounting

The half yearly financial statements have been prepared in accordance FRS 104 'Interim Financial Reporting', UK Generally Accepted Accounting Practice (UK GAAP) and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in October 2019). They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The half yearly financial statements have been prepared on a going concern basis and have been prepared using the same accounting policies as the preceding annual financial statements.

2 Income

	Six months ended 31 October 2019 £'000	Six months ended 31 October 2018 £'000	Year ended 30 April 2019 £'000
Income from investments			
UK franked income	1,498	1,385	2,706
UK unfranked income	322	603	659
Overseas dividends	505	297	1,145
Total income	**2,325**	**2,285**	**4,510**

3 Return per share

The revenue return of 3.78 pence (31 October 2018 - 3.74 pence; 30 April 2019 - 7.50 pence) per Ordinary share is calculated on net revenue on ordinary activities after taxation for the year of £1,844,000 (31 October 2018 - £1,811,000; 30 April 2019 - £3,583,000) and on 48,778,099 (31 October 2018 – 48,390,290; 30 April 2019 – 47,785,623) Ordinary shares being the weighted average number of Ordinary shares in issue during the period.

The capital loss of 6.63 pence (31 October 2018 – loss of 9.91 pence; 30 April 2019 – return of 5.55 pence) per Ordinary share is calculated on a net capital loss for the period of £3,232,000 (31 October 2018 – loss of £4,795,000; 30 April 2019 – return of £2,655,000) and on 48,778,099 (31 October 2018 – 48,390,290; 30 April 2019 – 47,785,623) Ordinary shares being the weighted average number of Ordinary shares in issue during the period.

The total loss of 2.85 pence (31 October 2018 – loss of 6.17 pence; 30 April 2019 – return of 13.05 pence) per Ordinary share is calculated on the total loss for the period of £1,388,000 (31 October 2018 – loss of £2,984,000; 30 April 2019 – return of £6,238,000) and on 48,778,099 (31 October 2018 – 48,390,290; 30 April 2019 – 47,785,623) Ordinary shares being the weighted average number of Ordinary shares in issue during the period.

4 Dividends

Ordinary dividends on equity shares deducted from reserves are analysed below:

	Six months ended 31 October 2019 £'000	Six months ended 31 October 2018 £'000	Year ended 30 April 2019 £'000
2018 fourth interim dividend - 1.64p	–	788	788
2019 first interim dividend - 1.64p	–	807	807
2019 second interim dividend - 1.64p	–	–	775
2019 third interim dividend - 1.64p	–	–	770
2019 fourth interim dividend - 1.68p	814	–	–
2020 first interim dividend - 1.68p	826	–	–
	1,640	**1,595**	**3,140**

The Company has declared a second interim dividend in respect of the year ending 30 April 2020 of 1.68p (2019 – 1.64p) per Ordinary share which will be paid on 20 December 2019 to Ordinary Shareholders on the register on 29 November 2019.

5 Analysis of capital reserve

The capital reserve reflected in the Balance Sheet at 31 October 2019 includes losses of £5,926,000 (31 October 2018 – losses of £1,823,000; 30 April 2019 – gains of £3,200,000) which relate to the revaluation of investments held at the reporting date.

6 Net asset value per share

	As at 31 October 2019	As at 31 October 2018	As at 30 April 2019
Attributable net assets (£'000)	85,149	77,183	84,940
Number of Ordinary shares in issue	49,251,088	47,390,361	47,430,088
Net asset value per ordinary share (p)	172.89	162.87	179.08

7 Called-up share capital

During the period there were 364,727 new Ordinary shares of 25p each issued by the Company for cash proceeds totalling £643,000 (31 October 2018 – 1,615,000 new Ordinary shares of 25p each issued by the Company for cash proceeds totalling £2,769,000; 30 April 2019 – 1,615,000 new Ordinary shares of 25p each issued for cash proceeds of £2,800,000).

During the period, the Company repurchased 714,000 Ordinary shares of 25p at a cost of £1,237,000 which were held in treasury (31 October 2018 – 1,846,000 Ordinary shares at a cost of £3,017,000 which were held in treasury; 30 April 2019 – 2,306,273 Ordinary shares at a cost of £3,775,000 which were held in treasury). During the period the Company re-issued 2,170,273 Ordinary shares from treasury for cash proceeds totalling £3,849,000 (31 October 2018 – no Ordinary shares re-issued from treasury; 30 April 2019 – 500,000 Ordinary shares re-issued from treasury for proceeds totalling £856,000). At 31 October 2019 there were 350,000 shares held in treasury (31 October 2018 – 1,846,000 Ordinary shares held in treasury; 30 April 2019 – 1,806,273 Ordinary shares held in treasury).

At 31 October 2019, there were 49,251,088 Ordinary shares in issue (31 October 2018 - 47,390,361; 30 April 2019 – 47,430,088).

The cost of the operation of the discount control mechanism of £18,000 has been charged against the premium on shares issued.

8 Fair value hierarchy

Financial Reporting Standard 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

– Level 1: the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;

– Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly; and

– Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The financial assets measured at fair value in the Balance Sheet are grouped into the fair value hierarchy at 31 October 2019 as follows:

Financial assets at fair value through profit or loss	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Quoted equities (a)	58,741	–	–	58,741
OEICs (a)	31,148	–	82	31,230
Delisted equities (b)	–	–	69	69
Net fair value	**89,889**	**–**	**151**	**90,040**

(a) Quoted Investments

Quoted Equities included in Fair Value Level 1 are actively traded on recognised stock exchanges and the fair value of these investments have been determined by reference to their quoted bid prices at the reporting date. The fair value for OEICs included in Level 1 has been determined based on prices published by the relevant Fund Manager. Those OEICs included within Level 1 are quoted in an active market. The fair value for OEICS in Level 3 has been determined based on prices published by the relevant fund manager with the application of an illiquidity discount.

(b) Delisted Investments

Blue Capital Global Reinsurance Fund is in liquidation. The fair value is based on the current value of the fund, as provided by the relevant fund manager, with the appropriate liquidation discount.

9 Half-Yearly Financial Report

The results for the six months ended 31 October 2019 and six months ended 31 October 2018, which have not been reviewed by the Company's auditors pursuant to the Auditing Practices Board guidance on "Review of Interim Financial Information", constitute non-statutory accounts as defined in Sections 434 - 436 of the Companies Act 2006. The financial information for the year ended 30 April 2019 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 498 (2),(3) or (4) of the Companies Act 2006.

10 This Half-Yearly Report was approved by the Board on 3 December 2019.

Principal Risks and Uncertainties

Risks are inherent in the investment process, but it is important that their nature and magnitude are understood so that risks, particularly those which the Company does not wish to take, can be identified and either avoided or controlled. The Board has established a detailed framework of the key risks that the business is exposed to, with associated policies and processes devised to mitigate or manage those risks. The principal risks faced by the Company are set out below.

Investment and Strategy Risk:

The Board is responsible for deciding the investment strategy to fulfil the Company's objectives and monitoring the performance of the Manager. Inappropriate strategy, including country and sector allocation, stock selection and the use of gearing, could lead to poor returns for Shareholders. To manage this risk the Board requires the Manager to provide an explanation of significant stock selection decisions and the rationale for the composition of the investment portfolio at each Board meeting, when gearing levels are also reviewed. The Board monitors the spread of investments to ensure that it is adequate to minimise the risk associated with particular countries or factors specific to particular sectors. The Manager also provides the Board and Shareholders with monthly factsheets.

Market Risk:

The Company's assets consist principally of listed equities and fixed income securities and its greatest risks are in consequence market-related. In addition to ordinary movements in the prices of the Company's investments and the loss that the Company might suffer through holding investments in the face of negative market movements, the Company's use of gearing necessarily amplifies this risk. The Board seeks to mitigate this risk through the processes described in the paragraph above and monitoring the implementation and results of the investment process with the Manager.

Financial Risk:

The Company's investment activities expose it to a variety of financial risks that include market price risk, foreign currency risk, interest rate risk and liquidity and credit risk.

Earnings and Dividend Risk:

The earnings that underpin the amount of dividends declared and future dividend growth are generated by the Company's underlying portfolio. Fluctuations in earnings resulting from changes to the underlying portfolio or changes in the tax treatment of the dividends or interest received by the Company could reduce the level of dividends received by Shareholders. The Board monitors and manages this risk by considering detailed income forecasts prepared by the Manager and Company Secretary at each Board meeting and when the quarterly dividends are declared.

Operational Risk:

The Company relies upon the services provided by third parties and is reliant on the control systems of the Investment Manager and the Company's other service providers. The security and/or maintenance of, inter alia, the Company's assets, dealing and settlement procedures, and accounting records depend on the effective operation of these systems, including controls to address cyber risk. These are regularly tested and monitored and are reported on at each Board meeting. An internal control report, which includes an assessment of risks, together with the procedures to mitigate such risks, is prepared by the Company Secretary and reviewed by the Audit Committee at least once a year. The Custodian, J.P. Morgan Chase Bank N.A., produces an internal control report each year which is reviewed by its auditors and gives assurance regarding the effective operation of controls. A summary of this report is reviewed by the Audit Committee.

Regulatory Risk:

The breach of regulatory rules could lead to a suspension of the Company's stock exchange listing or financial penalties. Breach of Sections 1158 and 1159 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on chargeable gains. The Company Secretary monitors the Company's compliance with the Listing Rules of the FCA and Sections 1158 and 1159 of the Corporation Tax Act 2010. Compliance with the principal rules is reviewed by the Directors at each Board meeting.

Key Man Risk:

In order to reduce key man risk, the Manager operates a team approach to fund management, with each member of the four strong highly experienced investment team contributing to the performance of the Company through their research specialisations.

Investment Portfolio

As at 31 October 2019

Company	Sector	Asset class	Valuation £'000	%
Royal London Short Duration Global High Yield Bond[(A)]	Unit Trusts & OEICS	Fixed Income	7,278	7.90
CIM Dividend Income Fund[(A)]	Unit Trusts & OEICS	Overseas Equities	3,656	3.97
Samarang Asian Prosperity Fund[(A)]	Unit Trusts & OEICS	Overseas Equities	2,946	3.20
Goodhart Partners Horizon Fund HMG Global Emerging Markets[(A)]	Unit Trusts & OEICS	Overseas Equities	2,800	3.04
iShares Core FTSE 100	Exchange Traded Fund	UK Equities	2,726	2.96
Morant Wright Fuji Yield Fund[(A)]	Unit Trusts & OEICS	Overseas Equities	2,424	2.63
Royal London Cash Plus Fund[(A)]	Unit Trusts & OEICS	Liquidity	2,209	2.40
International Public Partnerships	Investment Companies	Specialist Assets	2,193	2.38
Hipgnosis Songs Fund	Investment Companies	Specialist Assets	2,170	2.36
Liontrust European Enchanced Income[(A)]	Unit Trusts & OEICS	Overseas Equities	2,027	2.20
Top ten investments			**30,429**	**33.04**
Merian Chrysalis Investment Trust	Investment Companies	Specialist Assets	2,007	2.18
Prusik Asian Equity Income Fund[(A)]	Unit Trusts & OEICS	Overseas Equities	1,927	2.09
Doric Nimrod Air Two	Investment Companies	Specialist Assets	1,893	2.06
Sequoia Economic Infrastructure Income Fund	Investment Companies	Specialist Assets	1,860	2.02
Invesco Physical Gold ETC[(B)]	Exchange Traded Fund	Liquidity	1,841	2.00
Fair Oaks Income	Investment Companies	Specialist Assets	1,820	1.97
BT Group	Fixed Line Telecoms	UK Equities	1,784	1.94
TwentyFour Select Monthly Income Fund	Investment Companies	Fixed Income	1,702	1.85
Ediston Property Investment Company	UK REIT	Specialist Assets	1,693	1.84
Investec Global Gold Fund[(A)]	Unit Trusts & OEICS	Overseas Equities	1,678	1.82
Top twenty investments			**48,634**	**52.81**
Franklin Templeton Emerging Markets Bond Fund[(A)]	Unit Trusts & OEICS	Fixed Income	1,666	1.81
Babcock International	Support Services	UK Equities	1,633	1.78
RM Secured Direct Lending	Investment Companies	Specialist Assets	1,622	1.76
UK Mortgages	Investment Companies	Specialist Assets	1,547	1.68
Arrow Global Group	General Financial	UK Equities	1,532	1.66
Invesco Perpetual European Equity Income Fund[(A)]	Unit Trusts & OEICS	Overseas Equities	1,513	1.65
Legal & General	Life Insurance	UK Equities	1,491	1.62
The PRS REIT	UK REIT	Specialist Assets	1,445	1.57
OneSavings Bank	General Financial	UK Equities	1,366	1.48
Phoenix Group Holdings	Life Insurance	UK Equities	1,301	1.41
Top thirty investments			**63,750**	**69.23**

[(A)] Open-ended
[(B)] Exchange-traded commodity
[(C)] In liquidation

Company	Sector	Asset class	Valuation £'000	%
Marston's	Travel & Leisure	UK Equities	1,295	1.41
Clinigen Group	Support Services	UK Equities	1,262	1.37
AEW UK REIT	UK REIT	Specialist Assets	1,259	1.37
AJ Bell	Special & Other Finance	UK Equities	1,156	1.26
JLEN Environmental Assets Group	Investment Companies	Specialist Assets	1,156	1.26
Polypipe Group	Construction & Materials	UK Equities	1,155	1.25
Purplebricks Group	Support Services	UK Equities	1,154	1.25
Essentra	Support Services	UK Equities	1,135	1.23
European Assets Trust	Investment Companies	Overseas Equities	1,126	1.22
Halfords Group	General Retailers	UK Equities	1,115	1.21
Top forty investments			**75,563**	**82.06**
National Express	Travel & Leisure	UK Equities	1,094	1.19
Marks & Spencer	General Retailers	UK Equities	1,089	1.18
Bovis Homes	Household Goods	UK Equities	1,082	1.17
DP Aircraft I	Investment Companies	Specialist Assets	1,049	1.14
Royal London Sterling Extra Yield Bond Fund(A)	Unit Trusts & OEICS	Fixed Income	1,024	1.11
Woodford Patient Capital Trust	Investment Companies	Specialist Assets	956	1.04
Senior Engineering	Aerospace & Defence	UK Equities	951	1.03
Morgan Advanced Materials	Electronic & Electrical Equipment	UK Equities	919	1.00
Ultra Electronic Holdings	Electronic & Electrical Equipment	UK Equities	904	0.98
BlackRock World Mining Trust	Investment Companies	Overseas Equities	841	0.92
Top fifty investments			**85,472**	**92.82**
Greencoat UK Wind	Investment Companies	Specialist Assets	831	0.90
LondonMetric	UK REIT	Specialist Assets	765	0.83
Britvic	Beverages	UK Equities	691	0.75
Kier Group	Construction & Materials	UK Equities	602	0.65
Assura	UK REIT	Specialist Assets	598	0.65
Primary Health Properties	UK REIT	Specialist Assets	523	0.57
Doric Nimrod Air Three	Investment Companies	Specialist Assets	407	0.44
Blue Capital Global Reinsurance Fund (C)	Investment Companies	Specialist Assets	69	0.07
Partners Group Global Opportunities(A)	Unit Trusts & OEICS	Specialist Assets	59	0.07
Policy Selection Assured Fund(A)	Unit Trusts & OEICS	Specialist Assets	23	0.03
Total investments			**90,040**	**97.78**
Cash		Liquidity	2,046	2.22
Total investments plus cash			**92,086**	**100.00**

(A) Open-ended

(B) Exchange-traded commodity

(C) In liquidation

Directors' Statement of Responsibilities in Respect of the Half-Yearly Financial Report

In accordance with Chapter 4 of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting) on a going concern basis, and gives a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the half-yearly report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Directors' Statement of Principal Risks and Uncertainties shown on pages 22 and 23 is a fair review of the principal risks and uncertainties for the remainder of the financial year;
- the half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year; and
- in light of the controls and monitoring processes that are in place, the Company has adequate resources and arrangements to continue operating within its stated objective and policy for the foreseeable future. Accordingly, the accounts continue to be drawn up on the basis that the Company is a going concern.

Richard Ramsay
Chairman
3 December 2019

Financial Calendar

20 December 2019	**Payment of second interim dividend for year ending 30 April 2020**
December 2019	**Posting of Half Yearly Financial Report**
March 2020	**Payment of third interim dividend for year ending 30 April 2020**
June 2020	**Payment of fourth interim dividend for year ending 30 April 2020**
June 2020	**Announcement of Annual Results**
June 2020	**Annual Report posted to Shareholders**
July 2020	**Annual General Meeting**

Corporate Information

Directors
Richard A M Ramsay, Chairman
Susan P Inglis
James R McCulloch

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Data Protection
The Company is committed to ensuring the privacy of any personal data provided to it. Details of the privacy policy can be found on the website

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