SENECA INVESTMENT MANAGERS | Multi-Asset Value Investing

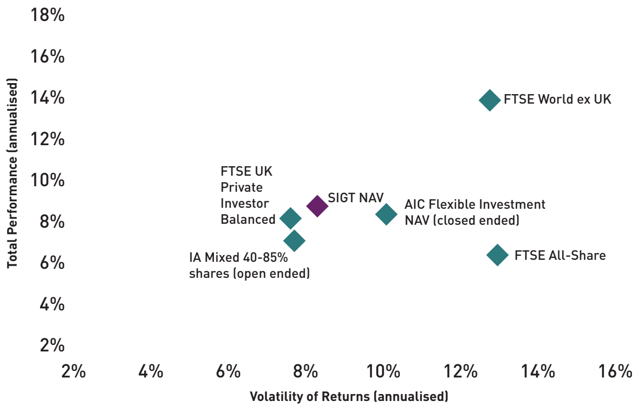
Seneca Global Income & Growth Trust plc

Annual Report and Accounts

30 April 2019

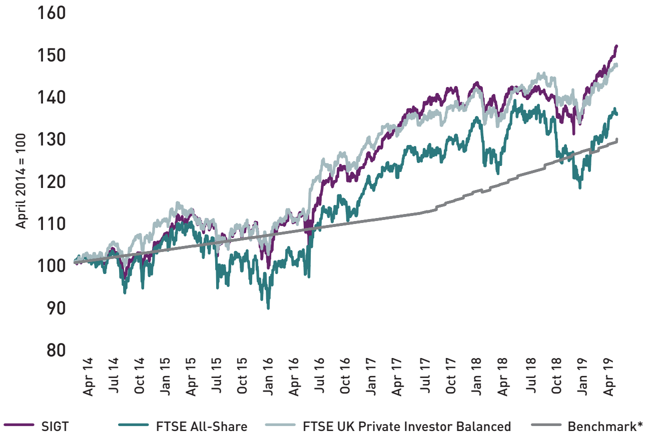
Seneca Global Income & Growth Trust plc

Chart 1 – Total return and volatility for the five year period ending 30 April 2019



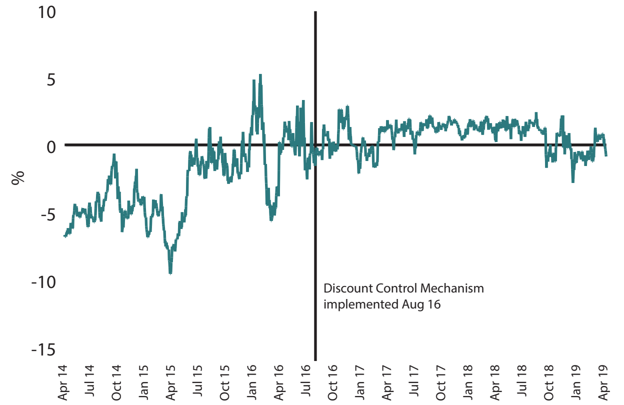
Source: FTSE Russell®/Morningstar/Seneca Investment Managers

Chart 2 – Cumulative growth, NAV total return, GBP



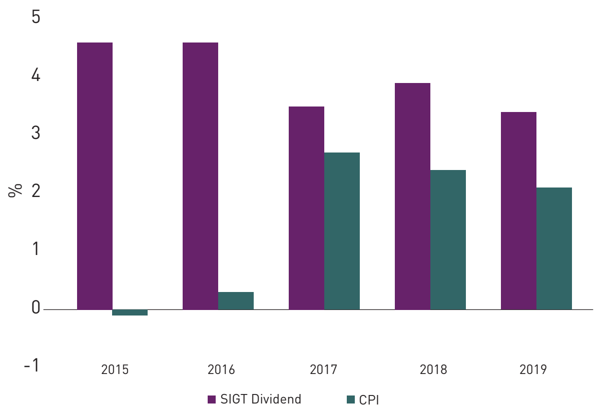
Source: FTSE Russell®/Seneca Investment Managers

Chart 3 – Company premium/(discount)% (based on cum income NAV)



Source: Bloomberg

Chart 4 – Dividend growth† vs CPI



Source: Bloomberg
† Financial Year Dividend

Total returns against comparator indices for periods to 30 April 2019

	1 Year %	Cumulative 3 Year %	5 Year %	Since 18.01.2012† %
SIGT NAV	7.6	36.7	51.2	101.8
SIGT Share Price	6.0	35.2	61.1	132.2
Benchmark*	8.2	20.5	29.3	40.5
AIC Flexible Investment Sector unweighted average NAV	6.2	29.9	48.5	74.3
FTSE UK Private Investor Balanced	6.6	32.7	46.6	80.9
FTSE All-Share Index	2.6	33.3	35.1	81.5
FTSE All-World ex UK Index	11.8	59.0	91.1	148.8
FTSE Actuaries UK Conventional Gilts All-Stocks Index	3.2	10.7	27.8	29.1

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%.
† Date of change of investment policy

Seneca Global Income & Growth Trust plc

Our Objective

Over a typical investment cycle†, the Company will seek to achieve a total return of at least CPI plus 6% per annum after costs with low volatility, and with the aim of growing the aggregate annual dividends at least in line with inflation, through the application of a Multi-Asset Investment Policy.

† The Manager defines a typical investment cycle as one which spans 5-10 years, and in which returns from various asset classes are generally in line with their very long term averages.

Contents

This document may contain forward-looking statements with respect to the financial condition, results of operations and business of the Company. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current view and on information known to them at the date of this document. Nothing should be construed as a profit forecast.

Financial Highlights

Performance

Percentage total return	1 year	Since 18.01.2012††
Share price^	+6.0%	+132.2%
Net asset value^	+7.6%	+101.8%
Benchmark†	+8.2%	+40.5%

	30 April 2019	30 April 2018	Change
Total assets* (£'000)	91,940	89,027	+3.3%
Total equity shareholders' funds (net assets) (£'000)	84,940	82,027	+3.6%
Share price (mid market)	178.25p	174.75p	+2.0%
Net asset value per share (cum income)	179.08p	172.25p	+4.0%
(Discount)/premium^	(0.5)%	1.5%	
Actual gearing^	1.03	1.00	
Potential gearing^	1.08	1.09	
Ongoing charges ratio^	1.47%	1.45%	
Dividends and earnings			
Total return per share	13.05p	8.86p	
Revenue return per share	7.50p	6.85p	+9.5%
Dividends per share	6.60p	6.38p	+3.4%
Revenue reserves (£'000)	1,983	1,540	

	Rate	Xd date	Record date	Payment date
Fourth interim 2018/19	1.68p	30 May 2019	31 May 2019	21 June 2019
Third interim 2018/19	1.64p	28 February 2019	1 March 2019	22 March 2019
Second interim 2018/19	1.64p	29 November 2018	30 November 2018	21 December 2018
First interim 2018/19	1.64p	6 September 2018	7 September 2018	28 September 2018
Total	**6.60p**			
Fourth interim 2017/18	1.64p	31 May 2018	1 June 2018	22 June 2018
Third interim 2017/18	1.58p	1 March 2018	2 March 2018	23 March 2018
Second interim 2017/18	1.58p	23 November 2017	24 November 2017	15 December 2017
First interim 2017/18	1.58p	17 August 2017	18 August 2017	8 September 2017
Total	**6.38p**			

† The Benchmark return is calculated using a blended return based on the Benchmark of CPI +6% from 7 July 2017 and previously LIBOR GBP +3%.
†† Date of change to the Investment Policy.
^ Alternative Performance Measure – full details can be found on pages 51 and 52.
* A glossary of terms can be found on pages 51 and 52.

Chairman's Statement

Highlights

- Net asset value total return +7.6% vs. Benchmark +8.2%
- Share price total return +6.0%
- Annual volatility 7.6% compared with 11.6% for the FTSE All-Share Index
- Dividends for the year increased by 3.4% vs. inflation, as measured by the CPI, of 2.1%
- A yield of 3.8% based on the year-end share price and the current quarterly dividend rate
- Discount Control Mechanism – issuance £3.66m; buy-ins £3.77m
- Shares traded very closely around net asset value for the whole period

Performance

Seneca Global Income & Growth Trust plc ('SIGT' or 'the Company') generated a net asset value ('NAV') total return per share for the year of +7.6%, which was very close to the Benchmark return of +8.2%. However, the Board believes returns are better judged over longer periods, and over three years these were +36.7% and +20.5% respectively.

SIGT's NAV total return over the year compared well with some comparator indices, whose returns were: FTSE All-Share +2.6%, FTSE All-World ex-UK +11.8%, FTSE UK Private Investor Balanced +6.6%, and FTSE Actuaries UK Conventional Gilts All-Stocks +3.2%. The AIC Flexible Investment Sector unweighted average NAV total return was +6.2% for the year.

The Manager's Review later in this Annual Report provides extensive and detailed analysis of the year's performance. I commend this to you as I do the Strategic Review wherein the Manager's Multi-Asset Value Investing philosophy is well explained. One of the strengths of this philosophy is that it provides transparent and straight-forward exposure to a range of assets, which together should provide lower volatility (i.e. lower risk) returns than equity only portfolios and reasonable real returns over the medium to long term.

Dividends

The Company will pay a fourth interim dividend of 1.68 pence per share (on 21 June 2019), which, when added to the three preceding interim dividends, produces total dividends of 6.60 pence per share for the year to 30 April 2019, an increase of 3.4% on the previous year's 6.38 pence. Inflation over the year to 30 April, as measured by the CPI, was 2.1%. It is the Board's intention, barring unforeseen circumstances, to at least maintain the quarterly dividend amount of 1.68 pence per share for the year to 30 April 2020 (aggregate dividends of 6.72 pence per share). On this assumption, the shares provided a dividend yield of 3.8% on the share price of 178.25 pence that prevailed at the year end.

The aggregate annual dividends are well covered by earnings, which in turn are generated from a well-diversified range of sources. The year's earnings were particularly strong as they were enhanced by a number of non-recurring factors allowing a significant and welcome increase in the Company's revenue reserves. It is therefore anticipated that the current year's earnings will decline though will still be more than sufficient to meet the Company's dividend objective and policy.

Discount Control Mechanism ('DCM')

The Company's DCM became fully effective from 1 August 2016, and during the year it bought-in 2,306,273 shares and issued 2,115,000 shares, for a net buy-in of 191,273 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 lack of discount volatility that the DCM provides is, the Board believes, of real value to Shareholders. Since becoming fully effective, the operation of the DCM has resulted in a net issuance of 7,533,727 shares 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 £104,071 after all applicable costs.

Gearing

SIGT has a debt facility available to it, from the Royal Bank of Scotland, of £14m of which £7m was drawn down during the year. The actual average net gearing level for the period was less than 4% as some of the drawn down 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 when the DCM results in the issuance of new shares, and/or providing short term working capital, if necessary, when shares are bought-in.

Investment Outlook

This time last year, I said "Brexit looms inexorably closer though its form remains unclear, causing yet more concern and uncertainty." I could say the same this year and leave it at that! Given the timetable for publication of this Statement, I can only comment on events and developments up to 7 June, and as things seem to be changing on a daily basis such a commentary is liable to be out of date already. There are also significant US-China trade talks ongoing that are affecting investment markets on a seemingly daily basis. So, it may be best simply to highlight that risks and uncertainties abound and that the Company's investment policy, and the Manager's investment philosophy, seem particularly relevant in the current environment.

During the year, the Manager continued its gradual process of reducing the Company's equity exposure reflecting its medium-term caution and to protect SIGT from the worst of equity markets' possible weakness. The Manager's assessment of the investment outlook is set out in the Manager's Review.

Board Composition

As announced, and with effect from 1 March 2019, Sue Inglis joined the Board. Sue is vastly experienced with investment trusts and this experience and knowledge is already proving very helpful to the Company. It is intended that Sue will chair the Audit Committee when Ian Davis retires from the Board later this year after an appropriate hand-over period, and in the absence of unforeseen circumstances. Ian has served the Company for over 14 years with wise and much valued counsel. Furthermore, it is intended to recruit another new director in due course to ensure a suitably 'refreshed' and independent Board of four (ongoing) members.

Annual General Meeting ('AGM')

Last year's AGM was held in Liverpool and all resolutions were passed by a majority of over 99% of shares voted. These resolutions included those that help with the effective management of the DCM specifically allowing the Company to issue shares on a non pre-emptive basis equivalent to 30% of its equity and to buy-in up to 14.99%. Shareholders also approved the removal of the requirement to propose the Company's continuation on an annual basis.

This year's AGM will be held in London on Tuesday 16 July 2019 and, as last year, the Board asks Shareholders to approve two separate resolutions concerning the issue of shares. The first resolution seeks permission to issue 10%, and the second (extra) resolution seeks permission to issue up to a further 20% solely in connection with the DCM; for an aggregate of 30%. The Board believes this approach to seeking non pre-emption authorities is shareholder friendly as it gives voice to any Shareholders who may be unhappy that the aggregate authority sought is higher than that recommended by corporate governance guidelines, whilst still allowing their approval for the more conventional 10% issuance.

There is also a resolution concerning Directors' fees that deserves some explanation. Directors' fees are determined within the limit set out in the Company's Articles of Association and the current limit is £100,000 per annum. As mentioned above, the number of Directors has increased this year from three to four and it is intended to maintain this number. In addition, it has become clear that each Director's fees have fallen well behind market rates, whose increase reflects the seemingly ever-increasing regulatory burden and responsibilities. The Board is therefore planning to make an increase of 20% to the basic Director's fees taking them to £24,000 (with supplements for each of the Nomination Committee Chair (£1,000), Audit Committee Chair (£3,000), and Board Chair (£8,000)), in order to bring them closer to those of investment trusts of a similar size and investment objective. Each Director's fees were last increased on 1 January 2015, and indeed only that once in over 10 years, and the Board believes the planned changes appropriately reflect the current responsibilities and commitment of the Directors and will ensure the Company continues to be able to attract high-calibre individuals in the future. Therefore, to accommodate both the slightly larger Board and the increase in fee rates, the Board is requesting approval from Shareholders to increase the overall limit on Directors' fees to £150,000 per annum, with an annual upward adjustment to that limit to reflect the change in the Consumer Price Index. This will ensure the Company is able to pay Directors' fees closer to the market rates and will provide additional flexibility to manage succession planning on an ongoing basis.

The Directors and Manager would be delighted to meet as many Shareholders as possible at the AGM. The Board believes that all the resolutions are in the best interests of the Company and its members as a whole, and strongly recommends that Shareholders vote in favour of all of the resolutions as the Directors intend to do in respect of their own beneficial shareholdings of 340,810 shares.

Richard Ramsay
Chairman
10 June 2019

Manager's Review

Overview

The year under review saw the Company post an NAV (net asset value) total return of 7.6%. Although this is very slightly behind the CPI+6% Benchmark return of 8.2% it compares favourably with the relevant peer fund averages as well as the performance of the Company's strategic asset allocation*. It should however be noted that a fair proportion of the performance came from UK holding AJ Bell. AJ Bell was listed in December last year and performed very well during the many years it was held by your Company as an unlisted investment as well as at listing (the IPO price was well above the carrying value) and during the months since listing.

Elsewhere in the portfolio, negative contributors included overall positioning in UK equities, US equities and safe-haven bonds. In the UK we focus on medium-sized companies which in general underperformed their larger counterparts. We have had a zero position in US equities for a little while now and this hurt us as they continued to perform well both in absolute terms and in relation to equities elsewhere. In addition, we have a zero position in safe-haven bonds which, like US equities, also performed well over the year.

Although all three of these high conviction positions went against us over the review period, there is sound logic behind each of them. Moreover, we now have even greater confidence in them than we did a year ago. Smaller companies in the UK have outperformed larger companies by a considerable margin in recent decades due to their greater propensity to grow. Although they have been impacted in recent years – first by Brexit then by broader global market weakness towards the back end of last year – we continue to believe they should perform better than larger companies over the longer term. Furthermore, they tend to be less widely researched, and so opportunities to uncover hidden value abound.

As for US equities, they are now more than twice as expensive as non-US equities based on price-to-book ratios. While some premium may be justified on the basis of the US having a more dynamic corporate culture, the current premium is, we believe, unsustainable.

Finally, safe-haven bonds such as gilts and treasuries have been expensive for a few years now, as evidenced by very low yields both in real and nominal terms. We thus find it very hard to justify holding them in your Company's portfolio, though accept there will be short periods, such as the one since September last year, when they perform well, going from being expensive to very expensive.

It is our firm belief that you pay us to put your money where our mouth is and so we will never shy away from making bold decisions. Our promise to you is that we will always have a strong basis for such positions and will stay patient until they work meaningfully in your Company's favour as we indeed expect them to. Our timing will never be perfect – that simply isn't possible – but we know it is usually better to be early than late.

* An explanation of the strategic asset allocation can be found on pages 14 and 15.

As for economic and financial market performance over the year, it was particularly eventful, or at least more eventful than the previous year. Having been weak at the end of the Company's previous financial year, equity markets as a whole performed well for the first five months of the period under review. Markets, though having been driven by a small number of tech stocks in the US, were ahead for the year. Rising bond yields reflected robust economic growth, as did the rising oil price. Furthermore, although there had been many angry words spoken by Presidents Trump and Xi on the subject of global trade, it had always seemed that compromise was not too far away.

Then, October saw equity markets fall sharply and while in November they stabilised somewhat, there was a resumption of the declines in December.

We believe that much of the weakness at the end of the calendar 2018 year can be traced to US President Trump's tax cuts that were signed into law in December 2017. Although they appeared regressive, favouring the wealthy, they were embraced widely, and markets initially responded well to them. However, although growth appeared to be slowing elsewhere, the tax cuts provided a thoroughly unnecessary boost to an already buoyant US economy. It is conventional wisdom that fiscal stimulus is required when private sector demand is weak, not when it is strong. President Trump chose to ignore this reality and pressed on with what had been a campaign promise.

Emboldened by his success at pushing a campaign promise through, President Trump then set his sights on China and its alleged unfair trade practices. Despite the wobble in markets in February and March last year that the resulting trade tensions caused, the US economy, equity markets, and currency were all enjoying the shot of adrenaline provided by the tax cuts. In relation to equities, investor exuberance focused on a small number of stocks, the so-called FAANGs (Facebook, Apple, Amazon, Netflix and Google).

However, both the dollar's strength and the trade frictions were negative for emerging economies and their financial markets. Weakness in emerging market equity, debt and currency markets for much of 2018 was pronounced.

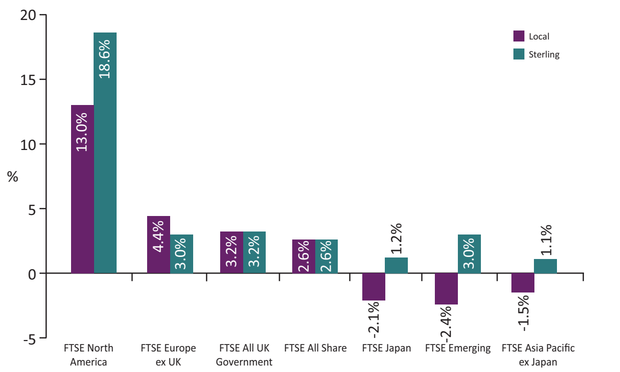
At the beginning of October, investors may have woken up to the fact that the rise in the FAANGs was unsustainable and also that the tax cuts, rather than being a good thing, may simply have led to overheating, bringing forward the end of the cycle.

Thus, the last three months of the calendar year saw equity markets, the oil price and safe-haven bond yields all fall sharply. Yield curve flattening, particularly in the US, sparked concerns that the next recession was closer than many had previously believed. Optimism about trade talks turned to pessimism, with the arrest in Canada of Chinese government linked company Huawei's CFO coming shortly after the positive remarks made by President Trump at the G20 summit in Argentina.

Closer to home, Brexit related anxiety caused additional problems for UK financial markets. In December, Prime Minister May faced a no-confidence vote brought by hardliners in her party. She won, but her position was weakened.

The last four months of the review period – the first four months of the 2019 calendar year – saw a strong reversal of the declines at the back end of 2018. This performance was driven by central banks becoming more dovish, in the face of inflation data that appeared to show price pressures subsiding. Indeed, the last four months were unusual in that safe-haven bonds as well as equities performed well. Normally, what is good for equities, namely growth, is bad for bonds. In this instance however, the good performance of safe-haven bonds appears to have been due more to changing expectations about longer term monetary policy than growth fears.

Major financial market total returns
for the 12 month period to 30 April 2019



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

Performance

Overall, your Company's investment performance for the year was respectable given the previously mentioned negative contributions from positioning in UK mid-caps, US equities, and safe-haven bonds. Much of the respectability was provided by AJ Bell, which contributed around 8.6 percentage points to total return. Given that the Company's gross asset value (before gearing effect and costs) beat its strategic asset allocation (SAA) return of 3.5% by 6.0%, positioning elsewhere therefore detracted -2.6% from excess returns. Much of this related to the three previously mentioned negative contributors, though our Europe ex UK and Japan equity funds underperformed their respective markets. AJ Bell was not however the only positive contributor. Our REIT and infrastructure holdings significantly outperformed their respective comparator indices.

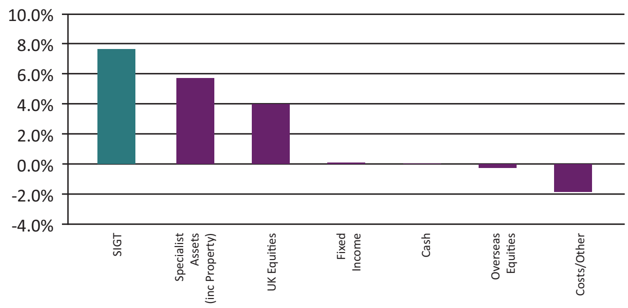
Some of you may be interested in more detail on the precise contribution to performance from AJ Bell. Immediately prior to listing in December, SIGT held 3,360,000 shares then valued at £2.9m, or 86.5p each. The listing price was 160p and SIGT was obliged to sell half its holding at that price. At the end of April, the price had risen to 404p. Thus, half the holding realised a capital return of 85.1% and the other half an as yet unrealised capital return of 367.3%.

Sadly, AJ Bell is very likely to be a one off. We do not as a general rule invest directly in unlisted investments, though anything that did happen to come our way would almost certainly not be as successful an investment as AJ Bell.

The Company's net asset value total return for the year of 7.6% was behind that of the Benchmark return of 8.2%. However, this must be considered in the context of the headwinds identified above, as well as the fact that your Manager seeks to achieve the target over an entire investment cycle, not just one year. As in previous years, the return was delivered with a level of volatility that was significantly below that of the FTSE All-Share Index.

One of the primary objectives for your Manager is to provide Shareholders with a good dividend that rises annually in real terms. Income from the portfolio is generated from a diversified range of assets, where security of income and scope for this income to rise are major foci of the investment approach. It is therefore pleasing to report that dividends paid to Shareholders grew by 3.4% this year, which compares favourably with CPI inflation of 2.1%. This uplift in dividends marks the sixth consecutive year of rises above the rate of inflation, which has been achieved whilst also providing for increases in the Company's revenue reserve in each of these years.

Contribution analysis by asset class
for the 12 month period to 30 April 2019



Source: Seneca Investment Managers/StatPro Revolution

Contribution analysis by individual holdings
in the 12 month period to 30 April 2019

Top 5 positive Contributors	Asset Class	Contribution to Return
AJ Bell	UK Equities/Private Equity	+8.59%
Dairy Crest	UK Equities	+0.41%
International Public Partnerships	Infrastructure	+0.41%
Britvic	UK Equities	+0.38%
Primary Health Properties	Property	+0.32%

Bottom 5 negative Contributors	Asset Class	Contribution to Return
Kier Group	UK Equities	-1.05%
Arrow Global	UK Equities	-0.81%
Halfords	UK Equities	-0.58%
Babcock International	UK Equities	-0.43%
Insight Equity Income Booster Fund	UK Equities	-0.42%

Source: Seneca Investment Managers/StatPro Revolution. Private equity and infrastructure are components of specialist assets.

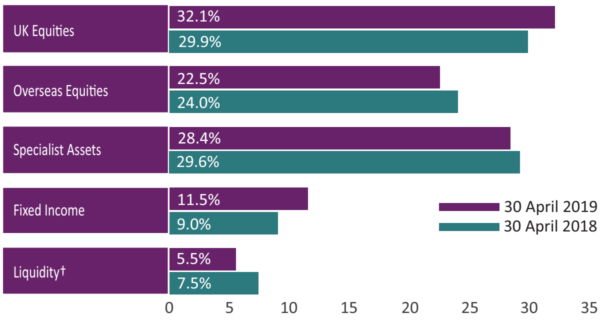
The table above demonstrates the powerful impact of the strong returns AJ Bell has produced both at initial IPO compared to our holding valuation and the returns since the stock listed in December 2018. The negative contributors highlight the negative impact Brexit has had on UK mid-caps.

Asset Allocation

Although your Company is a multi-asset fund, its strategic asset allocation is somewhat more growth oriented compared with other trusts in its peer group. The current strategic asset allocation decided by the Manager within set ranges, is weighted as follows: 35% in UK Equities, 25% in Overseas Equities, 25% in Specialist Assets (including Property), and 15% in Fixed Income. As of the end of the review period, the actual (tactical) positions in the four segments were 32.1%, 22.5%, 28.4%, and 11.5% respectively, with a liquidity position of 5.5%.

Portfolio asset allocation

comparison between 30 April 2018 and 30 April 2019 (actual positions)



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

Although the portfolio's total equity exposure increased slightly from 53.9% to 54.6%, much of this was due to the reclassification of AJ Bell which added 7.4 percentage points to the UK Equities position at the end of the period. We also introduced a gold miners fund as a hedge against expected stimulus from central banks; this is also included in the overall Equities exposure. Excluding these two holdings, the portfolio's equity exposure was reduced materially over the year under review.

This reduction was made progressively throughout the year in steps of around 1 percentage point each, in line with the road map we had previously set out. The rationale for these reductions was that the global economy was moving into the expansion phase of the business cycle, and thus lower returns from equities should be expected. At the same time, rising markets meant also that valuations were becoming less compelling.

We did not reduce UK Equities as much as we might have based on business cycle considerations alone. This is because Brexit has caused our holdings to become cheaper than would otherwise be the case, so these bottom up factors have rightly informed our top down asset allocation.

Elsewhere, Fixed Income exposure was increased from 9.0% to 11.5% (in corporate bonds) while Specialist Assets (including Property) decreased slightly from 29.6% to 28.4%.

UK Equities

Over the reporting period there have been a number of changes to our UK equity allocation with four stocks exiting the portfolio and one new name entering. The first sale was Victrex. This was one of the higher quality names in the portfolio and as quality has been highly prized in the UK market the stock had substantially revalued causing us to reassess.

We sold Diploma because it had rerated considerably since the initial investment in January 2016 and, consequently, the shares had become expensive on a wide range of the valuation criteria we use. We achieved a return of over 93% on this investment.

Given the depressed level of sterling and low valuations amongst many UK companies M&A activity in our portfolio has been high considering we only hold around twenty UK stocks. Two of our holdings have been acquired by foreign companies.

Dairy Crest was bought by Canadian based Saputo. RPC was initially to be sold to Apollo Global Management but was eventually sold to US based Berry Global as they came in late with a higher offer.

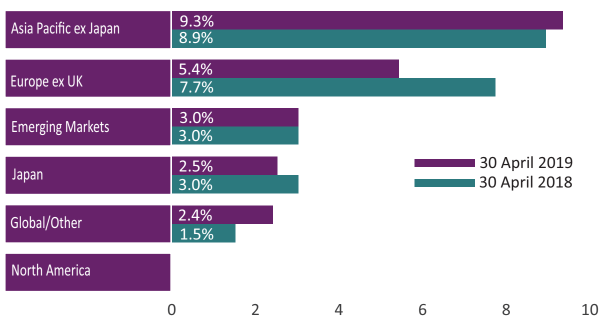
A new investment was made in Clinigen. The pharmaceutical and services company is focussed on delivering the right drug to the right patient at the right time through its global network of businesses that provide services at each stage of a drug's lifecycle. The shares had derated materially over the previous 12 months, undervaluing the company's material growth prospects in niche medical markets. This provided us with an attractive entry point to build a position.

Overseas Equities

Overseas equity fund selection remains biased towards managers adhering to a value approach. We are also attracted to defensive managers who can deliver returns with lower volatility than their benchmark indices. Managers must also be able demonstrate a high level of 'active share', with positions held being as a result of high conviction decisions, rather than just owning large index constituents due to their significance within a benchmark.

Movement in overseas equity allocations

over the 12 month period to 30 April 2019



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

Most of the target changes in Overseas Equities related to asset allocation decisions. Over the course of the year we reduced our allocation to Europe ex UK Equities. We trimmed all three of our holdings in the region (European Assets Trust, Liontrust European Enhanced Income Fund and Invesco Perpetual European Equity Income Fund).

Our Japanese exposure was reduced by 0.5% which was fully funded by sales of CC Japan Income and Growth Trust.

In Emerging Markets, we introduced a new position in the CIM Dividend Income Fund which replaced our holdings in Aberdeen Asian Income and Schroder Asian Income Maximiser. The CIM Dividend Income Fund is focused on stocks that have poor analyst coverage and therefore the portfolio will have a tilt to small and mid-caps. It seeks good quality companies with strong cash flows and a high dividend yield.

Specialist Assets (including Property)

There have been a number of changes to our holdings in Specialist Assets (including Property) during this reporting period. We fully exited Custodian REIT. The capital was reallocated away from the property sector and to a new IPO, the Hipgnosis Songs Fund. This trust buys the revenue streams of songwriter royalties. It seeks to exploit the lower valuations of music royalties as global revenues troughed in 2014 after fifteen years of declines due to piracy. In recent years the global spend on music has begun to increase driven mainly by the growth in streaming. We felt that it was a good entry point to gain exposure to an asset class that also gives us excellent diversification benefits. It also intends to pay an attractive dividend of 5% (3.5% in year one as the initial capital is invested) in addition to growing capital. We initially allocated 1% to this fund but have since increased to 1.5% as the Hipgnosis Songs Fund raised further capital in April 2019.

Private equity holding AJ Bell completed an IPO in December 2018. This resulted in us moving the stock from Specialist Assets to UK Equity. We replaced the AJ Bell allocation in Specialist Assets with two private equity focused trusts. The first investment was in a new IPO Merian Chrysalis Investment Company. This trust is focussed on late stage unlisted investments. The trust's investments are usually at the pre-IPO stage when investee companies are close to becoming public but seeking "crossover" investors to help move across the IPO phase. Merian Chrysalis typically seeks to invest in capital lite technology disruptors. The second was Woodford Patient Capital Trust. We had held this stock a number of years ago and sold it when it was trading at a healthy premium to NAV. Since then there have been a number of performance issues both with the trust and with Woodford's high profile OEIC. Sentiment towards Woodford has shifted significantly. The pricing of the trust had shifted from a premium to a significant discount to NAV at the end of 2018. We felt this had been overdone and the market is very backward looking in their approach. Recently the underlying investments have been showing significant progress and many of the companies are now much further down the line in their development. Therefore, we did view this as a good entry point both from a valuation perspective and given the J-curve effect exhibited by successful private equity investments. Acknowledging the fast moving developments with the Woodford business, we are monitoring this investment closely and are in regular contact with Woodford Investment Management and the board of Woodford Patient Capital Trust.

Another new addition is Assura which, as a GP Practice and Health Centre REIT, is very similar to our current holding of Primary Health Care Trust (PHP). We have held Assura in the past and exited it in January/February 2016 when we felt the shares had become overvalued (soon afterwards we initiated an investment in PHP). PHP has outperformed significantly and recently announced a merger with competitor Medicx. The numerous potential synergies were accepted favourably by the market and PHP moved to a 24% premium to NAV. We have reduced PHP and reallocated the capital to Assura which was trading at a more attractive valuation.

We have also initiated a small position in Doric Nimrod Air Three. The news that the A380 aircraft would cease production caused significant weakness in A380 related investments due to uncertainty around the end of lease valuation of the aircraft. We disagree with market consensus and feel the largest owner of the A380, Emirates, has built its business around this aircraft and is committed for the long term. We are already holders of Doric Nimrod Air Two and as Doric Nimrod Air Three is around 12 months younger its end of life is further into the future with a similar yield. We used the share price weakness as an attractive entry point.

Fixed Income

We did not add any new funds or exit any existing funds within our Fixed Income holdings. However, we did increase our exposure to the asset class over the year and are still keen to limit exposure to duration risk. Therefore, we raised our exposure by increasing our allocation to Royal London Short Duration Global High Yield Bond Fund.

Liquidity

We have been increasing your Company's liquidity exposure over the last two or so years in preparation for the end of the investment cycle and more difficult times ahead. To this end, we started using a liquidity fund, the Royal London Cash Plus Fund, in order to get a little bit of extra income. More recently, we have initiated a position in the Invesco Physical Gold ETC. While the investment in the gold miners fund mentioned earlier is categorised, rightly, as an equity holding, we are including the physical gold vehicle in your Company's liquidity exposure. This is because we consider physical gold to be a store of value (as indeed it has been for thousands of years) and one that can hold its own when central banks are seeking to debase their paper currencies in order to support economic growth as we think they will have to in the years ahead. While the two are classified separately, and indeed have different risk and return profiles, the rationale for the gold miners fund and the physical gold ETC is essentially the same for both, namely a hedge against monetary inflation that may lie ahead.

Outlook

As for the outlook, our expectation remains that we will see a global downturn start some time in 2020 or early 2021, which would be preceded by a bear market beginning in 2020. However, we are aware that things could happen sooner than this, which is why we began reducing the equity exposure of your Company around two years ago, first from overweight to neutral in relation to strategic asset allocation, then by moving increasingly underweight. We also know that things could happen later than our base case scenario and so are ready and indeed will remain ready to stay defensive for longer.

Our premise for believing that the downturn is still a little way off is that global monetary policy is still very loose and thus will not be tight for at least another year or so. Even in the US, where the business cycle is most advanced, monetary policy has only recently stopped being 'accommodative' – according to Fed Governor Jay Powell, monetary policy is only around 'neutral' and it remains unclear at what point it will become restrictive. Furthermore, there may be a self-fulfilling element to any rise in growth concerns, so it is very possible that the Fed will continue to keep on hold future interest rate increases.

That said, global unemployment across the developed world is now at 40-year lows, with the US and the UK nudging at the half century mark. Although some argue that the relationship between unemployment and inflation – known as the Phillips Curve – may not be as strong as it was previously, it seems inevitable that at some point the tightness in labour markets will spill over into consumer price inflation. And anyway, the argument about the death of the Phillips Curve has a dangerous 'this time is different' feel to it. Also, there may be an underappreciation of the extent to which monetary policy was tightened as a result of the ending or reigning in of quantitative easing policies across the developed world. If monetary policy is in fact tighter than some might think on the basis of policy rate increases alone, the global economy could be more vulnerable to a slowdown than is generally believed.

However, we are living in a world in which deflationary pressures persist, and in which any inflationary pressures that do rise above the surface are being met with powerful negative feedback effects, the fall in equity markets in the fourth quarter of 2018 being a case in point.

Much has been made recently of the albeit-brief inversion of the yield curve in the US. An inverted yield curve has been a very reliable recession indicator, having in the US preceded every recession since World War II and not once giving a false signal. However, although they have fallen across the board in recent years, yield curves on the whole remain positive, and it may be a while before they make a firm move into negative territory.

Furthermore, although the headline unemployment rate is now very low in the US, this may be hiding some underlying weakness. The US participation rate – the workforce as a percentage of working age population – fell sharply after the last downturn and has never really recovered. Some of this will have been due to demographics associated with an ageing population, but some will also have been due to people giving up looking for work. If the economy can remain reasonably firm, disaffected workers may be enticed back, allowing growth to continue but wage pressures to remain relatively subdued. However, any such effect would likely be minimal, serving only to postpone the inevitable.

In summary, we do not think the world economy has yet overheated as is usual before a recession. Inflation pressures have certainly risen in recent years, but they remain relatively benign. And they will have weakened as a result of the falls in equity markets at the end of 2018 and the related concerns about growth. We would not be surprised to see central banks remain dovish for a few months yet. This would argue for some sort of temporary recovery in equity markets in 2019, though it looks like that may all have been squeezed into the first few months of the year.

Seneca Investment Managers Limited

10 June 2019

Ten Largest Holdings

	Valuation 2018 £'000	Purchases £'000	(Sales) £'000	Appreciation/ (depreciation) £'000	Valuation 2019 £'000
AJ Bell	2,905	-	(2,627)	6,476	6,754
Royal London Short Duration Global High Yield Bond Fund [A]	3,672	3,111	(352)	(71)	6,360
CIM Dividend Income Fund [A]	-	3,641	-	80	3,721
Samarang Asian Prosperity Fund [A]	2,483	349	-	1	2,833
Royal London Cash Plus Fund [A]	-	6,358	(3,607)	4	2,755
Goodhart Partners Horizon Fund HMG Global Emerging Markets [A]	2,667	-	-	49	2,716
CC Japan Income and Growth Trust	2,614	-	(89)	(216)	2,309
Doric Nimrod Air Two	1,914	374	-	(205)	2,083
International Public Partnerships	2,240	215	(682)	240	2,013
Prusik Asian Equity Income Fund [A]	1,954	-	-	47	2,001

[A] Open ended.

At 30 April 2019 these investments totalled £33,545,000 or 36.59% of the portfolio (Including cash).

Investment Portfolio

As at 30 April 2019

Name	Sector	Asset Class	Valuation £'000	%
AJ Bell	Special & Other Finance	UK Equities	6,754	7.37
Royal London Short Duration Global High Yield Bond Fund [A]	Unit Trusts & OEICS	Fixed Income	6,360	6.94
CIM Dividend Income Fund [A]	Unit Trusts & OEICS	Overseas Equities	3,721	4.06
Samarang Asian Prosperity Fund [A]	Unit Trusts & OEICS	Overseas Equities	2,833	3.09
Royal London Cash Plus Fund [A]	Unit Trusts & OEICS	Liquidity	2,755	3.00
Goodhart Partners Horizon Fund HMG Global Emerging Markets [A]	Unit Trusts & OEICS	Overseas Equities	2,716	2.96
CC Japan Income and Growth Trust	Investment Companies	Overseas Equities	2,309	2.52
Doric Nimrod Air Two	Investment Companies	Specialist Assets	2,083	2.27
International Public Partnerships	Investment Companies	Specialist Assets	2,013	2.20
Prusik Asian Equity Income Fund [A]	Unit Trusts & OEICS	Overseas Equities	2,001	2.18
Top ten investments			**33,545**	**36.59**
Liontrust European Enchanced Income Fund [A]	Unit Trusts & OEICS	Overseas Equities	1,970	2.15
Merian Chrysalis Investment Trust	Investment Companies	Specialist Assets	1,841	2.01
Fair Oaks Income	Investment Companies	Specialist Assets	1,817	1.98
Sequoia Economic Infrastructure Income Fund	Investment Companies	Specialist Assets	1,773	1.93
TwentyFour Select Monthly Income Fund	Investment Companies	Fixed Income	1,720	1.88
Invesco Perpetual European Equity Income Fund [A]	Unit Trusts & OEICS	Overseas Equities	1,589	1.73
RM Secured Direct Lending	Investment Companies	Specialist Assets	1,564	1.71
Franklin Templeton Emerging Markets Bond Fund [A]	Unit Trusts & OEICS	Fixed Income	1,542	1.68
OneSavings Bank	General Financial	UK Equities	1,478	1.61
UK Mortgages	Investment Companies	Specialist Assets	1,432	1.56
Top twenty investments			**50,271**	**54.83**
Marston's	Travel & Leisure	UK Equities	1,417	1.55
DP Aircraft I	Investment Companies	Specialist Assets	1,409	1.54
The PRS REIT	UK REIT	Specialist Assets	1,392	1.52
European Assets Trust	Investment Companies	Overseas Equities	1,368	1.49
Ediston Property Investment Company	UK REIT	Specialist Assets	1,351	1.47
Kier Group	Construction & Materials	UK Equities	1,333	1.45
Hipgnosis Songs Fund	Investment Companies	Specialist Assets	1,324	1.44
BT Group	Fixed Line Telecoms	UK Equities	1,282	1.40
Investec Global Gold Fund [A]	Unit Trusts & OEICS	Overseas Equities	1,268	1.38
Essentra	Support Services	UK Equities	1,257	1.37
Top thirty investments			**63,672**	**69.44**

Name	Sector	Asset Class	Valuation £'000	%
AEW UK REIT	UK REIT	Specialist Assets	1,257	1.37
Arrow Global Group	General Financial	UK Equities	1,251	1.37
Ultra Electronic Holdings	Electronic & Electrical Equipment	UK Equities	1,242	1.36
Woodford Patient Capital Trust	Investment Companies	Specialist Assets	1,242	1.36
Babcock International	Support Services	UK Equities	1,234	1.35
Legal & General	Life Insurance	UK Equities	1,224	1.34
Marks & Spencer	General Retailers	UK Equities	1,215	1.33
John Laing Environmental Assets Group	Investment Companies	Specialist Assets	1,197	1.31
Senior Engineering	Aerospace & Defence	UK Equities	1,191	1.30
Bovis Homes	Household Goods	UK Equities	1,164	1.27
Top forty investments			**75,889**	**82.80**
Clinigen Group	Support Services	UK Equities	1,128	1.23
Polypipe Group	Construction & Materials	UK Equities	1,120	1.22
Halfords Group	General Retailers	UK Equities	1,039	1.13
Phoenix Group Holdings	Life Insurance	UK Equities	1,037	1.13
Morgan Advanced Materials	Electronic & Electrical Equipment	UK Equities	1,034	1.13
LondonMetric	UK REIT	Specialist Assets	939	1.02
Royal London Sterling Extra Yield Bond Fund [A]	Unit Trusts & OEICS	Fixed Income	932	1.02
Britvic	Beverages	UK Equities	932	1.02
Invesco Physical Gold ETC [B]	Exchange Traded Fund	Liquidity	910	0.99
BlackRock World Mining Trust	Investment Companies	Overseas Equities	895	0.98
Top fifty investments			**85,855**	**93.67**
National Express	Travel & Leisure	UK Equities	821	0.90
Greencoat UK Wind	Investment Companies	Specialist Assets	723	0.79
Primary Health Properties	UK REIT	Specialist Assets	708	0.77
Funding Circle SME Income Fund	Investment Companies	Specialist Assets	632	0.69
Assura	UK REIT	Specialist Assets	565	0.62
Doric Nimrod Air Three	Investment Companies	Specialist Assets	295	0.32
RPC Group	General Industrials	UK Equities	236	0.26
Blue Capital Global Reinsurance Fund [C]	Investment Companies	Specialist Assets	217	0.24
Partners Group Global Opportunities [A]	Unit Trusts & OEICS	Specialist Assets	150	0.16
Assured Fund [A]	Unit Trusts & OEICS	Specialist Assets	23	0.03
Total investments			**90,225**	**98.45**
Cash		Liquidity	1,421	1.55
Total investments plus cash			**91,646**	**100.00**

[A] Open ended.

[B] Exchange-traded commodity.

[C] In liquidation/de-listed.

Classification of Assets

As at 30 April	2019 %	2018 %
UK Equities	32.1	29.9
Overseas Equities	22.5	24.0
Fixed Income	11.5	9.0
Specialist Assets	28.4	29.6
Liquidity†	5.5	7.5
	100.0	**100.0**

† Includes cash, Royal London Cash Plus Fund and Invesco Physical Gold ETC.
Figures are expressed as a percentage of total investments plus cash.

Analysis of Assets

	2019		2018	
As at 30 April	**Valuation £'000**	**%**	**Valuation £'000**	**%**
Listed	62,148	67.8	57,293	64.5
Open-ended	27,860	30.4	21,929	24.7
Unquoted and delisted	217	0.2	2,913	3.3
Total investments	**90,225**	**98.4**	**82,135**	**92.5**
Cash	1,421	1.6	6,673	7.5
Total investments plus cash	**91,646**	**100.0**	**88,808**	**100.0**

Strategic Review

Introduction

This review is a part of the Strategic Report being presented by the Company under the guidelines for UK-listed Companies' Annual Reports, and is designed to provide information primarily about the Company's business and results for the year ended 30 April 2019. It should be read in conjunction with the Financial Highlights on page 2, the Chairman's Statement on pages 3 and 4 and the Manager's Review on pages 5 to 9, which give a detailed review of the investment activities for the year and look to the future.

Business Model and Strategy

The business model and strategy of the Company is described below.

Investment Policy

The asset classes included in the Company's portfolio are UK and overseas equities, fixed income securities and specialist assets. The Company's Investment Manager aims to add value through both strategic and tactical asset allocation within a range for each asset class. The asset allocation ranges, which are calculated at the time of any relevant investment based on the Company's gross assets, are as follows:

	Asset Allocation Range
UK equities	15 - 60
Overseas equities	10 - 40
Total equities	25 - 85
Fixed income	0 - 40
Specialist assets	0 - 50

Exposure to UK equities is achieved by investing directly or, with the Board's prior approval, through specialist collective investment schemes and products managed by third parties or (where it is more efficient for, and at no greater cost to, the Company than investing directly) through collective investment schemes and products managed by the Company's Investment Manager. In the case of overseas equities, exposure is achieved through the use of specialist collective investment schemes and products or, with the Board's prior approval, by investing directly. Fixed income investments may be made either directly or through collective investment schemes and products. Ordinarily, exposure to specialist assets is achieved through investing in specialist collective investment schemes and products.

The Company will not invest more than 7.5% of gross assets in any individual direct equity or fixed income investment or more than 10% of gross assets in any specialist collective investment scheme or product.

The Company will not invest more than 7.5% of gross assets in unquoted securities and will not hold more than 25% of its gross assets in cash.

The Company may borrow to gear the Company's returns when the Board believes it is in Shareholders' interests to do so. The Company's existing borrowing policy allows gearing up to 25% of the Company's net assets. The Company's current credit facilities comprise a £14.0 million revolving loan facility of which £7.0 million was drawn down as at 30 April 2019 (equivalent to 8.2% of its net assets). Further details of the revolving loan facility are in note 11 to the financial statements. The Board believes these levels are appropriate for the Company at the present time.

The limits referred to in the investment policy are measured at the time of investment or draw-down of borrowings.

Investment Approach

The Company seeks to achieve its investment objective referred to on page 1 through a policy of investing in a diversified portfolio comprising UK equities, overseas equities, fixed income, and specialist assets (including property). By investing in overseas equities as well as diversifying into specialist assets (specialist financial, private equity, property and infrastructure), the Company aims to take advantage of a wide range of investment opportunities and reduce the risk profile of the Company's portfolio.

Multi-Asset Value Investing

The starting point for all Seneca Investment Managers Limited's ('SIML' or the 'Manager') client portfolios is to determine what their specific long-term, or strategic asset allocation ('SAA') should be, given the investment return and risk objectives. This represents how a particular client should be positioned in various asset classes on average over time.

In order to determine what the SAA should be for a particular client given its objectives, SIML assesses what it thinks the likely long-term returns will be for various asset classes and sub asset classes. To a great extent, SIML assumes that future long-term returns will be similar to past long-term returns. Importantly, SIML uses real returns which take account of the effect of inflation. As an example, since 1866, US equities have returned 6.4% per annum in real terms. While there may well be reasons why the returns in future could be slightly above or below this, SIML thinks that it makes most sense to assume that they will be in line with those in the past. SIML applies the same approach to equities elsewhere, whether in the UK, Japan or emerging markets as well as to bonds and specialist assets. Some parts of the specialist assets sector do not have a long history so a little more conjecture is required. However, the long-term assumptions are robust and well-founded.

Armed with these long-term return estimates for various asset classes, SIML constructs an SAA such that it provides good diversification as well as a substantial part of the investment return objective (as per the next paragraph, SIML expect to also add value through tactical asset allocation and stock and fund selection). This

SAA is reviewed periodically, but unless there is a very good reason why the long-term return estimate for a particular asset class might have changed, it remains fixed.

SIML seeks to add value in relation to these SAAs through tactical asset allocation ('TAA'), security selection and third party fund selection. All client portfolios divide into four parts: UK equities, overseas equities, fixed income and specialist assets. In UK equities, SIML invests directly, with a focus on mid-sized companies. In overseas equities, it invests in third party funds. In fixed income, it invests mostly in third party funds, although has the scope to go direct in the UK in gilts or investment grade bonds when the Manager wishes to do so. Specialist assets, unlike equities or bonds, is a very heterogeneous asset class, constituting as it does various types of investment, and arguably should not be considered an asset class at all. Many of the specialist assets tend to be closed-ended fund structures such as real estate investment trusts ('REITS') or renewable energy funds, where underlying assets are illiquid and do not lend themselves to being owned in open ended vehicles.

There now exists an enormous body of work that has uncovered longer term predictabilities in markets. With respect to the performance of bond and equity markets, many of these relate to the business cycle. As for cross sectional returns the finding that high dividend yielding stocks tend to produce above-normal returns is often explained, not by them being higher risk, but by them being out of favour. Lower yielding stocks may thus be ones that have generated a lot of investor interest unjustifiably and thus are prone to a setback.

SIML seeks to put to use on behalf of clients much of the work that has been done over the decades with respect to understanding asset prices. Many of the findings relate future returns to some measure of present value, whether dividends and earnings in the case of equities or real interest rates in the case of bonds. SIML endeavours to identify some measure of intrinsic value across all the assets in which it invests. This value driven approach can, SIML believes, deliver both superior long-term returns and a defensive element to investments which, at a very fundamental level, are 'cheap' at the time of acquisition.

SIML expects that the Company's assets will normally be fully invested. However, during periods in which changes in economic conditions or other factors so warrant, SIML may, with the Board's consent increase its position in cash and money market instruments.

The Company does not directly invest in, or use, derivative strategies (for efficient portfolio management or otherwise); however, certain of the Company's investments may themselves incorporate derivatives. In the event of adverse market movements this may result in the Company being exposed to the full value of such negative movements. SIML seeks to minimise this risk, and to achieve the Company's outcome orientated investment objective, by investing in a diversified range of assets, including assets with a low correlation to equity markets.

The Company does not currently intend to enter into any direct currency hedging arrangements. In some instances, local currency returns may be hedged into sterling within the individual holding. SIML regards this aspect of currency exposure as part of the diversification of risk within the portfolio.

Principal Risks and Uncertainties and Risk Mitigation

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 carried out a robust assessment of the principal risks facing the Company, including those that threaten its business model, future performance, solvency or liquidity. 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 SIML. 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 SIML 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. SIML 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, monitoring the implementation and results of the investment process with SIML.

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. Further details of these risks and the ways in which they are managed are disclosed in note 16 of the financial statements.

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 SIML and the 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 SIML, as Manager, PATAC, as AIFM, Company Secretary and Administrator, 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 every six months 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 to 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 rules of the UK Listing Authority and sections 1158 to 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, SIML operates a team approach to fund management, with each member of the five strong highly experienced investment team contributing to the performance of the Company through their research specialisations.

Going Concern

In assessing the Company's ability to continue as a going concern the Directors have considered the Company's current investment objective (see page 1), risk management policies (see pages 15 and 16), capital management (see note 17 to the financial statements), the nature of its portfolio and expenditure projections and believe that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for at least 12 months from the date of this report. In addition, the Board has had regard to the Company's investment performance (see graph opposite), ongoing investor interest in the continuation of the Company (including feedback from meetings and conversations with Shareholders by the Company's advisers) and the operation of the Discount Control Mechanism ('DCM') described in the Chairman's Statement (which the Directors believe further enhances the Company's appeal to investors).

Based on their assessment and considerations, the Directors have concluded that they should continue to prepare the financial statements on a going concern basis and the financial statements have been prepared accordingly.

Viability Statement

In accordance with the provision C.2.2 of the 2016 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a three year period from the date that this Annual Report is due to be approved by Shareholders. This period was selected as it is considered a reasonable time horizon to consider the continuing viability of the Company and a suitable period over which to measure the performance of the Company against its Benchmark.

In its assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties detailed on pages 15 and 16, in particular investment and strategy, market, earnings and dividend, operational and financial risks and the effectiveness of any mitigating controls in place. In undertaking this review, the Board has also considered the Company's investment objective and the effectiveness of the DCM, as well as the income and expenditure projections and the liquidity of its portfolio, the effects of any significant future falls in investment values on the ability to repay and re-negotiate borrowings, maintain dividend payments and retain investors. The Company is an investment trust whose portfolio is principally invested in readily realisable listed securities which could be sold to meet funding requirements if necessary.

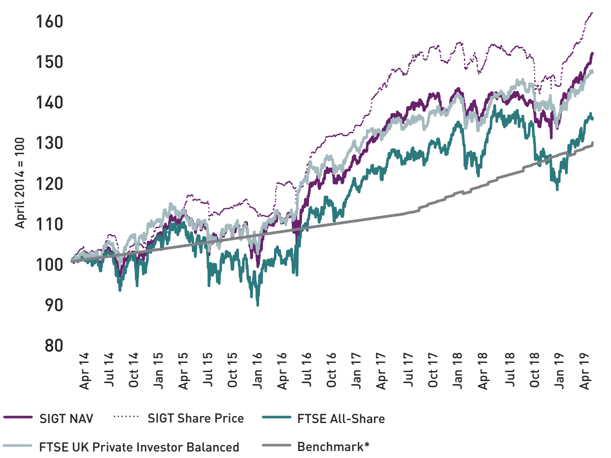
Based on the foregoing, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to the AGM in 2022.

Performance Measurement and Key Performance Indicators

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. More information on Key Performance Indicators is noted in the Chairman's Statement on pages 3 and 4. The Key Performance Indicators are as follows:

- **Performance measured against the Benchmark and relevant indices**
  The Board reviews and compares, at each meeting, the performance of the portfolio as well as the net asset value total return† and share price total return† for the Company and its Benchmark and relevant indices.

Cumulative growth, NAV and share price total return, GBP

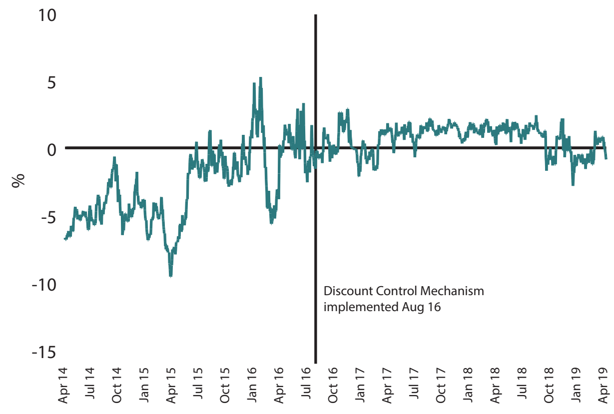


*The Benchmark return is calculated using a blended return based on the Benchmark of CPI +6% from 7 July 2017 and previously of LIBOR GBP +3%.

Sources: FTSE Russell®/Seneca Investment Managers.

- **Premium/(Discount) to net asset value ('NAV')†**
  At each Board meeting, the Board monitors the level of the Company's premium/(discount) to NAV. The Company publishes a NAV per share figure on a daily basis, through the official newswire of the London Stock Exchange.

Company premium/(discount) % (based on cum income NAV)



Sources: Bloomberg

- **Revenue earnings and dividends per share**
  The Board reviews a revenue forecast on a quarterly basis to determine the quarterly dividend and considers dividend growth against CPI.
- **Ongoing charges†**
  The ongoing charges are a measure of the total expenses incurred by the Company expressed as a percentage of the average Shareholders' funds over the year. The Board regularly reviews the ongoing charges and monitors all Company expenses.

† Alternative Performance Measure

Social, Community, Employee Responsibilities and Environmental Policy

The Directors recognise that their first duty is to act in the best financial interests of the Company's Shareholders and to achieve good financial returns against acceptable levels of risk, in accordance with the objectives of the Company.

In asking the Manager to deliver against these objectives, they have also requested that the Manager take into account the broader social, ethical and environmental issues of companies within the Company's portfolio, acknowledging that companies failing to manage these issues adequately run a long term risk to the sustainability of their businesses.

More specifically, they expect companies to demonstrate ethical conduct, effective management of their stakeholder relationships, responsible management and mitigation of social and environmental impacts, as well as due regard for wider societal issues.

As an investment trust with its current structure the Company has no direct social, community, employee or environmental responsibilities of its own.

At 30 April 2019 there were three male and one female Directors. The Company has no employees so does not require to report further on gender diversity.

By order of the Board
PATAC Limited
Company Secretary
10 June 2019

Your Board

The Directors, all of whom are non-executive and independent of the Manager, supervise the management of Seneca Global Income & Growth Trust plc and represent the interests of Shareholders.

Richard Alexander McGregor Ramsay

Independent Non-Executive Chairman

Length of service: 6 years 2 months. Appointed a Director on 2 April 2013 and Chairman on 3 September 2013

Experience: Formerly an investment banker with considerable experience of the investment trust sector gained as a Managing Director at Barclays de Zoete Wedd and a director at Intelli Corporate Finance. His experience also covers the fund management sector as a director with Ivory & Sime, the leisure sector as finance director at Aberdeen Football Club, the energy sector as a managing director at Ofgem and the public sector as a director at the Shareholder Executive. He is currently chairman of Northcourt and a director of Castle Trust, both recent start-ups in the financial services sector; and chairman of Wolsey Group, a provider of finance to house builders. Mr Ramsay is also a director of John Laing Environmental Assets Group Limited.

Last re-elected to the Board: 13 July 2018

Committee membership: Audit Committee, Management Engagement Committee, Nomination Committee

Remuneration†: £24,500 per annum

All other public company directorships: John Laing Environmental Assets Group Limited

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 133,014 Ordinary shares

Ian Richard Davis

Independent Non-Executive Director and Chairman of the Audit Committee

Length of service: 14 years 6 months. Appointed a Director on 1 November 2004 and Chairman of the Audit Committee on 15 December 2004

Experience: Formerly a director of Corporate Finance with Hoare Govett Limited until 2002 having previously worked in Equity Capital Markets at De Zoete Bevan Limited and corporate finance at Baring Brothers & Co. Limited. Prior to this he qualified as a chartered accountant with Price Waterhouse. Mr Davis is also a non-executive director of the Wintech Group Limited and the Dokimi Group Limited.

Last re-elected to the Board: 13 July 2018

Committee membership: Audit Committee, Management Engagement Committee, Nomination Committee

Remuneration†: £22,000 per annum

All other public company directorships: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 92,796 Ordinary shares

James Russell McCulloch

Independent Non-Executive Director and Chairman of the Nomination Committee

Length of service: 4 years 5 months. Appointed a Director on 2 January 2015

Experience: Previously Executive Chairman of Speirs & Jeffrey Ltd with over 30 years' experience in private client investment and portfolio management. He was formerly a chartered FCSI having previously qualified as a Chartered Accountant with Coopers & Lybrand. Mr McCulloch is a Trustee of Foundation Scotland.

Last re-elected to the Board: 13 July 2018

Committee membership: Audit Committee, Management Engagement Committee, Nomination Committee

Remuneration†: £20,000 per annum

All other public company directorships: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 95,000 Ordinary shares

Susan (Sue) Patricia Inglis

Independent Non-Executive Director

Length of service: 3 months. Appointed a Director on 1 March 2019

Experience: Previously Managing Director – Corporate Finance in the Investment Companies teams at Cantor Fitzgerald Europe (2012-2018) and Canaccord Genuity (2009-2012) with over 30 years' experience advising investment companies and financial institutions. She is a qualified lawyer and was a partner and head of the funds and financial services group at Shepherd & Wedderburn, a leading Scottish law firm. In 1999 she was a founding partner of Intelli Corporate Finance, an advisory boutique firm focusing on the asset management and investment company sectors, which was acquired by Canaccord Genuity in 2009. Ms Inglis is currently the Chairman of The Bankers Investment Trust PLC and a non-executive director of Baillie Gifford US Growth Trust plc, BMO Managed Portfolio Trust PLC, The European Investment Trust plc and NextEnergy Solar Fund Limited.

Committee membership: Audit Committee, Management Engagement Committee, Nomination Committee

Remuneration†: £20,000 per annum

All other public directorships: The Bankers Investment Trust PLC, Baillie Gifford US Growth Trust plc, BMO Managed Portfolio Trust PLC, The European Investment Trust plc and NextEnergy Solar Fund Limited.

Shared Directorships with any other Trust Directors: None

Shareholding in the Company: 20,000 Ordinary shares (purchased on 9 May 2019)

† For year ended 30 April 2019

Investment Manager

Seneca Investment Managers Limited ('SIML')

SIML is based in Liverpool with a national client base. Investors range from discretionary private client managers and personal investors through to financial advisers and institutions such as pension funds and charities. The firm specialises in multi-asset investing.

Where SIML differs from other providers of multi-asset investment products is in its distinctive 'value' based approach. This means the firm prides itself on the ability to identify and invest where there is both quality and unrecognised value.

SIML creates portfolios which combine shares in companies (equities) with fixed income investment vehicles (bonds or debts) and a wide range of specialist assets*. It gains exposure to these areas either through open and closed ended third party funds or, as in the case in the UK, directly in listed companies. SIML believes its "Multi-Asset Value Investing" approach gives it the edge in delivering the right outcomes for its investors over an investment cycle.

The company has a team of five highly experienced investment professionals. Further directors and staff focus on management, marketing, compliance and operational roles, whilst the company benefits from the involvement of a strong team of non-executive directors, all with extensive experience of investment businesses. Together the team holds a substantial minority share in the business, and has significant personal investments in the funds it manages.

SIML adopts a team approach to fund management. Each member of the team specialises in a particular area of research: asset allocation, UK equities, overseas equities, fixed income and specialist assets*. Research ideas, all of which must exhibit 'value' characteristics, are subject to a strict process of team approval before inclusion in portfolios. Two team members are assigned an oversight role on each portfolio, so as to ensure the implementation of approved research ideas, and for purposes of cash flow and income management.

SIML has a heritage stretching back to 2002 when it established two multi-asset unit trusts – now open ended investment companies (OEICs) – where investors pool their money, closely followed by what is now called Seneca Global Income & Growth Trust plc, your Company. In addition, SIML manages segregated accounts for institutional investors.

Peter Elston – chief investment officer and asset allocation research specialist

Peter's research responsibility for SIML is asset allocation.

Having joined the team as global investment strategist in November 2014, Peter was appointed chief investment officer in April 2015 and to the board of SIML in January 2016. He has overall responsibility for managing the firm's investment process and team.

He has been responsible for direct oversight of the Company since 2015.

Gary Moglione – overseas equity and bond fund research specialist

Gary joined SIML in April 2018 and is responsible for our third party fund selection alongside Tom Delic. He has worked in the investment industry since 1999 with a major portion of this specialising in fund selection both on a fund of funds and a multi-manager basis.

Gary has previously worked as a fund manager for Royal Liver Asset Managers where he managed two of its multi-manager funds (UK Equity and Global Equity). He then joined the multi-asset team at Pioneer Investment Management (later to be taken over by Amundi Asset Management) to manage equity assets in its fund of funds range.

Mark Wright – UK equity research specialist

Mark is responsible for UK equity research across SIML. Mark began his career at SIML in 2006 after graduating from the University of York with a BSc degree in Economics.

Mark is a CFA Charter holder and an accredited member of the CFA Institute.

Richard Parfect – specialist assets research specialist

Richard applies SIML's value driven approach to his specific focus on specialist assets.

Richard is a Fellow of the CISI and was a founder of what is now SIML in 2002. He previously worked as a UK equity analyst at Merseyside Pension Fund and started his career at Neilson Cobbold.

Tom Delic – overseas equity and bond fund research specialist

Tom is responsible for our third party fund selection alongside Gary Moglione. He has worked in the investment industry since 2009 after graduating from the University of Liverpool with a first class degree in Mathematics with Finance.

After beginning his career as an investment analyst for Royal Liver Asset Managers, he later joined SIML in October 2011.

* Property, private equity, specialist financial and infrastructure

Directors' Report

The Directors present their Report and the audited financial statements for the year ended 30 April 2019.

Results and Dividends

The revenue profit for the year after expenses, interest and taxation was £3,583,000 (2018: £2,988,000), equivalent to a return of 7.50p per share (2018: 6.85p). Three interim dividends of 1.64p were paid during the year and a fourth interim dividend of 1.68p will be paid on 21 June 2019 to holders on the register at the close of business on 31 May 2019, making a total distribution for the year of 6.60p (2018: 6.38p).

Principal Activity

The business of the Company is that of an investment trust investing in a diversified portfolio principally comprising UK and overseas equities, fixed income and specialist assets. The Company seeks to take advantage of a wide range of investment opportunities and reduce the risk profile of the Company's portfolio.

Status

The Company is registered as a public limited company, is an investment company as defined by section 833 of the Companies Act 2006 and is registered in England and Wales with registered number 03173591. The Company is also a member of the Association of Investment Companies ('AIC').

The Company carries on business as an investment trust and has been approved as such by HM Revenue and Customs.

The Company intends to manage its affairs so as to be a qualifying investment for inclusion in an Individual Savings Account ('ISA') and it is the Directors' intention that the Company should continue to qualify.

Share Capital

The issued share capital at 30 April 2019 consisted of 47,430,088 Ordinary shares of 25p each and there were 1,806,273 Ordinary shares held in treasury. As at the last practicable date of 7 June 2019 the issued share capital consisted of 48,460,088 Ordinary shares of 25p each and 776,273 shares were held in treasury. At general meetings of the Company, each holder of Ordinary shares, excluding treasury shares, is entitled to one vote on a show of hands and, on a poll, to one vote for every Ordinary share held.

Companies Act 2006, section 992

The following further information is disclosed in accordance with the above:

- the Company's capital structure is summarised on page 20;
- details of the substantial Shareholders in the Company are listed on page 21;
- the rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are summarised on page 24;
- amendment of the Company's Articles of Association and powers to issue non pre-emptively or buy-back the Company's shares require a special resolution to be passed by Shareholders;
- there are: no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a takeover bid; and
- there are no agreements between the Company and its Directors concerning compensation for loss of office.

Directors

Details of the current Directors of the Company are shown on page 18.

Sue Inglis was appointed as a Director on 1 March 2019.

The Articles of Association require Directors to offer themselves for re-election at least once every three years. The Board has resolved that all the Directors will retire and offer themselves for re-election on an annual basis, believing this to be best practice.

No Director has a service contract with the Company. No Directors were interested in any contracts with the Company.

Directors' Indemnities

As at the date of this report, indemnities are in place between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his or her role as a Director of the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim by the Company or a regulator as they are incurred, provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006.

A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the AGM.

Management of Conflicts of Interest

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest, as required by the Companies Act 2006. As part of this process, the Directors prepare a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his or her connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with his or her wider duties is affected. Each Director is required to notify the Company Secretary of any potential or actual conflict situations that will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

Substantial Interests

To the best of the Company's knowledge at 30 April 2019 the only persons known to the Company who, directly or indirectly, were interested in 3% or more of the Company's issued share capital were as follows:

Shareholder	Number of shares held	% held
Hargreaves Lansdown	5,065,685	10.68
Alliance Trust Savings	3,987,618	8.39
AJ Bell	3,467,860	7.31
EFG Harris Allday	3,445,869	7.27
Rathbones	3,346,049	7.05
Interactive Investor	2,659,279	5.61
Hedley	2,352,259	4.96
Charles Stanley	2,226,256	4.69
Redmayne Bentley	1,971,470	4.16
Alington Ruthin	1,776,647	3.75
Philip J Milton	1,533,799	3.23
Brewin Dolphin	1,525,762	3.22

All of the above Shareholders are platforms or stockbrokers.

Since 30 April 2019, there have been no changes notified to the Company.

Directors and staff of SIML (and their families) own 2.8 million shares in the Company representing 6.0% of the Company's issued share capital as at 30 April 2019.

Management and Management Fees

SIML provides investment management services to the Company. A summary of the agreement between the Company, the AIFM and the Manager in respect of investment management services provided is given in note 3 to the financial statements.

The Management Engagement Committee has reviewed the appropriateness of the Manager's appointment. In carrying out its review, the Committee considered the past investment performance of the Company and the capability and resources of the Manager to deliver satisfactory investment performance. It also considered the length of the notice period of the management agreement and the fees payable to the Manager, together with the commitment of the Manager to the Company and its investment trust business and the standard of other services provided, which include administration, marketing and corporate development.

Following this review it is the Directors' opinion that the continuing appointment of the Manager on the terms agreed is in the interests of Shareholders as a whole.

Directors' Remuneration Policy and Report

The Directors' Remuneration Policy and Report are detailed on pages 28 and 29.

Alternative Investment Fund Managers' Directive ('AIFMD')

As a result of growing to a size that required compliance with the full scope of the AIFMD, the Company appointed PATAC Limited as its alternative investment fund manager ('AIFM') with effect from 4 April 2018. The investment management agreement with SIML was terminated, at no cost to the Company, and the Company entered into a new AIFMD compliant management agreement with the AIFM. The AIFM has delegated the portfolio management activities relating to the Company back to SIML pursuant to a delegation agreement and SIML continues to provide portfolio management services to the Company as before. The delegation agreement between the Company, the AIFM and SIML is on the same commercial terms as the previous investment management agreement between the Company and SIML. SIML absorbs the cost of the AIFM as part of its management fee.

The AIFMD requires the AIFM to appoint a depositary for each authorised investment fund it manages. J.P. Morgan Europe Limited (the 'Depositary') was appointed depositary for the Company with effect from 4 April 2018. The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements. The Depositary has delegated the custody function to J.P. Morgan Chase Bank N.A.

Annual General Meeting

The Notice of Annual General Meeting is set out on pages 53 to 57.

Resolution 1 – Receipt and Adoption of the Audited Accounts and Associated Reports
Resolution 1 asks Shareholders to receive and adopt the audited accounts for the year ended 30 April 2019 together with the associated reports of the Directors and auditor.

Resolution 2 – Approval of the Directors' Remuneration Report
Resolution 2 asks Shareholders to approve the Directors' remuneration report for the year ended 30 April 2019 (which is included in the Annual Report).

Resolution 3 – Approval of Dividend Policy
The Company's current policy is to pay all of its dividend payments (four per annum) as interim dividends. This enables the fourth dividend payment to be made several weeks earlier than would be the case if that dividend were categorised as a final dividend and therefore have to wait for Shareholder approval at the AGM in July. This arrangement is made in the interests of Shareholders, enabling them to benefit from the earlier receipt of the fourth dividend. In accordance with the principles of good corporate governance, as there is no resolution to approve a final dividend at the AGM, resolution 3 seeks Shareholder approval for the Company's current dividend policy.

Resolutions 4-7 – Re-election and election of Directors
In line with best practice, each Director stands for re-election on an annual basis. Resolutions 4-6 relate to the re-election of Richard Ramsay, Ian Davis and James McCulloch, all of whom served as Directors for the past year and offer themselves for re-election. Resolution 7 relates to the election of Sue Inglis, who joined the Board on 1 March 2019. Ms Inglis has a legal and corporate finance background and has specialised in the UK closed-end fund sector for over 30 years.

In respect of Mr Davis, who has served on the Board for over nine years, the Board subscribes to the view expressed within the AIC Code of Corporate Governance that long serving Directors should not be prevented from forming part of an independent majority. In the Board's opinion, independence is not compromised by length of tenure and that experience and continuity can add significantly to the Board's strength.

The Directors have reviewed the proposed re-election or election of each of the Directors and are of the opinion that they bring a significant range of business, financial and management skills and experience to the Company and are independent in both character and judgement. Accordingly, the Board supports the Directors re-elections and election, as proposed by resolutions 4 to 7.

Biographical details for each of the Directors are set out on page18 of the Annual Report.

Resolutions 8 and 9 – Re-appointment and Remuneration of Auditor
The Company is required to appoint an auditor at each general meeting at which accounts are presented to Shareholders and Ernst & Young LLP has indicated its willingness to continue in office. Accordingly, resolution 8 asks Shareholders to re-appoint Ernst & Young LLP as auditor of the Company and resolution 9 asks Shareholders to authorise the Directors to fix the auditor's remuneration.

Resolution 10 – Directors' Remuneration Limit
Directors' fees are determined within the limit set out in the Company's Articles of Association and the current limit is £100,000 per annum. The number of Directors has increased this year from three to four and it is intended to maintain this number. In addition, as explained in the Chairman's Statement, the Board is planning to increase the current level of Directors' fees to bring them closer to those of investment trusts of a similar size and investment objective. This will ensure that the fees appropriately reflect the current responsibilities and commitment of the Directors and that the Company is able to continue to attract high-calibre individuals in the future.

Therefore, to accommodate both the slightly larger Board and the increase in fee rates, Resolution 10 requests approval from Shareholders to increase the overall limit on Directors' remuneration to £150,000 per annum, with an annual upward adjustment to that limit to reflect the change in the Consumer Price Index.

Resolutions 11, 12 and 13 – Directors' Authority to Allot Shares
Resolution 11 will, if approved, give the Directors a general authority to allot Ordinary shares up to an aggregate nominal amount of £4,038,340 (or such amount being equivalent to one-third of the aggregate nominal amount of the issued share capital of the Company, excluding treasury shares, on the date on which resolution 11 is passed). In line with corporate governance guidelines, resolution 12 will, if approved, authorise the Directors to allot such Ordinary shares, or sell Ordinary shares held in treasury, up to an aggregate nominal amount of £1,211,502 (or such amount being equivalent to 10% of the aggregate nominal amount of the issued share capital of the Company, excluding treasury shares, on the date on which resolution 12 is passed) for cash without first offering such Ordinary shares to existing Shareholders pro rata to their existing shareholdings. In addition to this authority, resolution 13 will, if approved, authorise the Directors to allot further Ordinary shares, or sell further Ordinary shares held in treasury, up to an aggregate nominal amount of £2,423,004 (or such amount being equivalent to 20% of the aggregate nominal amount of the issued share capital of the Company, excluding treasury shares, on the date on which resolution 13 is passed) for cash without first offering such Ordinary shares to existing Shareholders pro rata to their existing shareholdings. This additional authority will only be used to issue Ordinary shares, or sell treasury shares, in accordance with the Company's DCM.

These authorities will expire on 16 October 2020 or, if earlier, at the conclusion of the AGM of the Company to be held in 2020. No issue of Ordinary shares would be made pursuant to the authorities which would dilute the net asset value per Ordinary share of existing Shareholders.

As at 7 June 2019, the Company held 776,273 Ordinary shares in treasury.

Resolution 14 – Share Buy-backs
Resolution 14 seeks Shareholder approval to renew the authority to purchase through the market up to 14.99% of the Ordinary shares in issue (excluding treasury shares) on the date on which resolution 14 is passed (the 'Buy-back Authority').

The Buy-back Authority, if granted, will expire on 16 October 2020 or, if earlier, at the conclusion of the AGM of the Company to be held in 2020.

The price (excluding expenses) paid for an Ordinary share bought back pursuant to the Buy-back Authority will not be: (a) less than its nominal value of 25p; or (b) more than the higher of (i) 5% above the average of the middle market values of the Ordinary shares for the five business days prior to the day the purchase is made and (ii) the higher of the price of the last independent trade and the highest current independent bid for any number of Ordinary shares on the trading venue on which the purchase is carried out.

The Buy-back Authority will only be exercised at the Directors' discretion and is expected to be used principally to buy back Ordinary shares in accordance with the Company's DCM, details of which are set out on page 3 of the Annual Report. Any Ordinary shares bought back under the Buy-back Authority may be held in treasury or cancelled.

Resolution 15 – Notice Period for General Meetings
Resolution 15 is to allow the Company to hold general meetings (other than an AGM) on 14 clear days' notice. The notice period required by the Companies Act 2006 for general meetings of the Company is 21 clear days, unless Shareholders approve a shorter notice period, which cannot be less than 14 clear days, and the Company offers the facility for all Shareholders to vote by electronic means.

Annual General Meetings must always be held on at least 21 clear days' notice. It is intended that the flexibility offered by this resolution will only be used for time-sensitive, non-routine business and where merited in the interests of Shareholders as a whole. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

Recommendation

Your Board considers the passing of the resolutions to be proposed at the AGM to be in the best interests of the Company and its members as a whole. Accordingly, your Board unanimously recommends that Shareholders should vote in favour of the resolutions as it intends to do in respect of its own beneficial shareholding of 340,810 Ordinary shares.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances, bank debt and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. Financial instruments recognised at fair value are shown in the fair value hierarchy in note 18 to the financial statements. The financial risk management objectives and policies arising from the Company's financial instruments and the exposure to risk are disclosed in note 16 to the financial statements. Details of the Company's bank facility are contained in note 11 to the financial statements.

Greenhouse Gas Emissions

All of the Company's activities are outsourced to third parties. As such it does not have any physical assets, property, employees or operations of its own and does not generate any greenhouse gas or other emissions.

Criminal Finances Act 2017

The Company has a zero tolerance policy towards the criminal facilitation of evasion.

Statement Regarding Annual Report and Accounts

Following a detailed review of the Annual Report and Accounts by the Audit Committee, the Directors consider that taken as a whole it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion, the Directors have assumed that the reader of the Annual Report and Accounts would have a reasonable level of knowledge of the investment industry in general and investment trusts in particular.

Disclosure of Information to the Auditor

The Directors confirm that, so far as each of them are aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

21 Walker Street
Edinburgh
EH3 7HX

By order of the Board
PATAC Limited
Company Secretary
10 June 2019

Statement of Corporate Governance

Introduction

The UK Listing Authority requires all listed companies to describe how they have complied with the principles of the UK Corporate Governance Code published in April 2016 (the 'Governance Code'), which is available on the Financial Reporting Council's website: www.frc.org.uk. The Governance Code covers in particular the annual re-appointment of Directors, Board diversity, external evaluation, the Board's responsibilities in relation to risk, and a clear explanation of business model and strategy.

The Association of Investment Companies has also published a Code of Corporate Governance ('AIC Code') and a Corporate Governance Guide for Investment Companies ('AIC Guide') which are available on the AIC's website: www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses all of the principles set out in section 1 of the Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Governance Code), will provide better information to Shareholders.

Application of the Principles of the Codes

The Company has complied with the provisions of the AIC Code and the Governance Code, except for the Governance Code provisions relating to:

- The role of the chief executive (A 1.2)
- Executive directors' remuneration (B 2.1)
- The need for an internal audit function (C 3.6)

As indicated by the AIC Code the above exceptions are not believed to be applicable to an externally managed investment company.

The Board

The Board currently consists of a non-executive Chairman and three non-executive Directors. All Directors are considered by the Board to be independent of the Manager and free of any material relationship with the Manager. Each Director has the requisite level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper stewardship of the Company. The Board considers that the post of chief executive officer is not relevant for an investment company as this role has effectively been delegated to the Manager, under the terms of the Investment Management Delegation Agreement. Richard Ramsay has been identified as the Senior Independent Director, to whom any concerns can be conveyed by the other Directors. Given the size and composition of the Board it is not felt necessary to separate the roles of Chairman and Senior Independent Director. Richard Ramsay has served on the Board as a Director with effect from 2 April 2013 and as Chairman from 3 September 2013.

The Board takes the view that independence is not compromised by length of tenure and that experience and continuity can add significantly to the Board's strength.

During the year ended 30 April 2019 the Board met five times. In addition, there were two Audit Committee meetings, two Management Engagement Committee meetings and two Nomination Committee meetings. Between meetings the Board maintains regular contact with the Manager.

Directors have attended Board and Committee meetings during the year ended 30 April 2019 as follows (with their eligibility to attend the relevant meeting in brackets):

	Board meetings	Audit Committee meetings	Management Engagement Committee meetings	Nomination Committee meetings
Richard Ramsay (Chairman)	5 (5)	2 (2)	2 (2)	2 (2)
Ian Davis	5 (5)	2 (2)	2 (2)	2 (2)
James McCulloch	5 (5)	2 (2)	2 (2)	2 (2)
Sue Inglis*	- (-)	- (-)	- (-)	- (-)

*Sue Inglis was appointed on 1 March 2019.

The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated directly to the senior staff of the Manager. Such matters include strategy, borrowings, treasury and dividend policy. Full and timely information is provided to the Board to enable the Directors to function effectively and to discharge their responsibilities. The Board also reviews the financial statements, performance and revenue budgets.

The Board has put in place necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board as well as a performance evaluation of the Board as a whole, the individual Directors and the Board Committees. The process involves consideration of completed questionnaires tailored to suit the nature of the Company and discussion of the points arising amongst the Directors.

The Board has reviewed the Chairman's and Directors' other commitments and is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company. The Board has reviewed the proposed re-elections and is of the opinion that each Director brings a significant range of business, financial and management skills and experience to the Company and the Board supports their re-election. The annual evaluation of the Board and the Directors has been completed and the Directors have concluded that the Board continues to function effectively and, individually, the Directors remain independent and there are no relationships or circumstances which are likely to affect the judgement of the Directors.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access which every Director has to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Audit Committee

The Report of the Audit Committee is contained on pages 26 and 27.

Management Engagement Committee

A separate Management Engagement Committee, which is chaired by Richard Ramsay and comprises the full Board, has been established. The Terms of Reference of the Management Engagement Committee are available on the Company's website and further copies are available on request. The Management Engagement Committee annually reviews matters concerning the management agreement which exists between the Company, the AIFM and the Manager. Further information on the Manager is set out on page 19 and details of the management agreement are shown in note 3 to the financial statements.

Nomination Committee

Appointments to the Board of Directors are considered by the Nomination Committee which is chaired by James McCulloch and comprises the full Board. The Terms of Reference of the Nomination Committee are available on the Company's website and further copies are available on request. The Nomination Committee considers a broad range of skills and experience when seeking potential candidates, including diversity and gender. External search consultants may be used to assist in the appointment of new Directors should it be considered expedient.

Once a decision is made to appoint a new Director, the Directors, Manager and other advisers of the Company are invited to submit potential candidates for consideration by the Nomination Committee. Sue Inglis was appointed to the Board on 1 March 2019 following a thorough recruitment process. Neither an external search consultant nor open advertising was used to assist in this appointment.

New Directors appointed to Board are given an induction meeting with the Investment Manager and are provided with all relevant information regarding the Company. Every Director is entitled to receive appropriate training as deemed necessary. A Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by Shareholders at the next Annual General Meeting. The Articles of Association require that one third of the Directors retire by rotation at each Annual General Meeting.

The Board has resolved that all Directors will retire annually in line with best practice.

Stewardship Code

The Financial Reporting Council ('FRC') published "The UK Stewardship Code" for institutional shareholders on 2 July 2010 and revised it in September 2012 (the 'Code'). The purpose of the Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

The FRC is encouraging institutional investors to make a statement of their commitment to the Code.

The Board has delegated responsibility for actively monitoring the activities of investee companies to the Manager. The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the investee company, and for attending company meetings. The Manager, in the absence of explicit instruction from the Board, is empowered to use discretion in the exercise of the Company's voting rights in respect of investee companies. The underlying aim of exercising such voting rights is to protect the return from an investment. The Manager's policy is to assess each voting opportunity individually and to vote only in cases where it is believed that the Company's best interests need to be protected. The Board has reviewed, and endorses, the Manager's Statement of Compliance with the Code, which appears on the Manager's website, at **www.senecaim.com**.

The Board also receives from the Manager regular reports on the exercise by the Manager of the Company's voting rights.

Relations with Shareholders

The Directors place a great deal of importance on communication with Shareholders. The Annual Report and Accounts are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Manager's website at www.senecaim.com.

A regular dialogue is maintained with the Company's institutional Shareholders and with private client asset and wealth managers. This is principally carried out through the Manager. Reference to significant holdings in the Company's Ordinary shares can be found under "Substantial Interests" on page 21.

The Notice of the Annual General Meeting included within the Annual Report and Accounts is sent out at least 20 working days in advance of the meeting. All Shareholders have the opportunity to put questions to the Board or Manager, either formally at the Company's Annual General Meeting or at the subsequent buffet luncheon for Shareholders. The Company Secretary is available to answer general Shareholder queries at any time throughout the year.

21 Walker Street
Edinburgh
EH3 7HX

By order of the Board
PATAC Limited
Company Secretary
10 June 2019

Report of the Audit Committee

Composition of the Audit Committee

An Audit Committee has been established with written Terms of Reference and comprises four non-executive Directors, Ian Davis (Chairman), Sue Inglis, James McCulloch and Richard Ramsay. Ian Davis and Sue Inglis have recent and relevant financial experience and the Audit Committee as a whole have competence relevant to the investment trust sector. The Terms of Reference of the Audit Committee are reviewed and re-assessed for their adequacy on an annual basis and are disclosed on the Company's website. Further copies are available on request.

Role of the Audit Committee

A summary of the Committee's main audit review functions is shown below:

- to review and monitor the internal control systems and risk management systems on which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager and Administrator;
- to meet with the external auditor, Ernst & Young LLP ('EY') to review their proposed audit programme of work and their findings. The Audit Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the external auditor to supply non-audit services;
- to review an annual statement from the Manager and Administrator detailing the arrangements in place whereby the staff of the Manager and of the Administrator may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor; and,
- to monitor and review annually the external auditor's independence, objectivity, effectiveness, resources and qualification.

Annual Report and Financial Statements

The Board of Directors are responsible for preparing the Annual Report and financial statements. The Audit Committee advises the Board on the form and content of the Annual Report and financial statements, any issues which may arise and any specific areas which require judgement. The Audit Committee considered certain significant issues during the year. These are noted in the table on page 27.

Auditor

As part of its review of the scope and results of the audit, during the year the Audit Committee considered and approved EY's plan for the audit of the financial statements for the year ended 30 April 2019. At the conclusion of the audit EY did not highlight any issues to the Audit Committee which would cause it to qualify its audit report nor did it highlight any fundamental internal control weaknesses. EY issued an unqualified audit opinion which is included on pages 31 to 36.

In relation to the provision of non-audit services by the auditor it has been agreed that all non-audit work to be carried out by the auditor must be approved in advance by the Audit Committee and any special projects must also be approved in advance. In addition to statutory audit fees of £29,100 (2018: £29,500), EY received fees for non-audit services of £nil during the year (2018: £9,300 which related to the provision of tax compliance and advisory services for the year ended 30 April 2016. These services were permissable at the time of provision). All fees described are inclusive of VAT. The auditor did not provide tax compliance and advisory services during the year ended 30 April 2019.

As part of the review of auditor independence and effectiveness, EY has confirmed that it is independent of the Company and has complied with relevant auditing standards. In evaluating EY, the Audit Committee has taken into consideration the standing, skills and experience of the firm and the audit team. EY has been the Company's auditor since 1997. The Company is not required to change its auditor until after the audit in respect of the year end 30 April 2024. It is the current intention of the audit committee not to change the auditor until then. The Audit Committee, from direct observation and enquiry of the Manager and Administrator, remains satisfied that EY continues to provide effective independent challenge in carrying out its responsibilities. Following professional guidelines, the audit principal rotates after five years. The current audit principal, James Beszant, is in the first year of his appointment. On the basis of this assessment, the Audit Committee has recommended the continuing appointment of EY to the Board. EY's performance will continue to be reviewed annually taking into account all relevant guidance and best practice.

In relation to the Annual Report and financial statements the following significant issues were considered by the Committee:

Significant Issue	How the issue was addressed
Accuracy of portfolio valuation and existence of investments	Actively traded investments are valued using stock exchange prices provided by third party pricing vendors. Unquoted investments are valued using primary valuation techniques (as set out on page 41) and are reviewed by the Committee at each meeting. Existence of investments is verified through custodian reconciliations.
Mis-statement of income	Income received is accounted for in line with the Company's accounting policy (as set out on page 41) and is reviewed by the Committee at each meeting, including allocation of special dividends.
Comfort over internal controls	The Committee receives regular reports on internal controls from the Manager and the AIFM and has access to the relevant personnel at the Manager and the AIFM who have a responsibility for risk management.

All of the above were satisfactorily addressed through consideration of reports provided by and discussed with the Manager.

Internal Controls

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Following publication of the Financial Reporting Council's "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" (the 'FRC guidance') the Board confirms that there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and is regularly reviewed by the Board and accords with the FRC Guidance.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The significant risks faced by the Company are as follows:

- financial;
- operational; and
- compliance.

The key components designed to provide effective internal control are outlined below:

- PATAC Limited as Company Secretary and Administrator together with the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- PATAC Limited as AIFM operates a risk policy which covers the risks associated with the management of the portfolio. The adequacy and effectiveness of this is reviewed at least annually, including the risk management processes and systems and limits for each risk area. The AIFM reports regularly to the Board.
- as a matter of course the Manager's compliance department continually reviews the Manager's operations and reports to the Board on a quarterly basis;
- written agreements are in place which specifically define the roles and responsibilities of the Manager, Administrator and other third party service providers; and
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Manager and the AIFM, has decided to place reliance on the Manager's and the AIFM's systems and internal control procedures.

At its June meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 30 April 2019 by considering documentation from the Manager and the Administrator, including the compliance function and taking account of events since 30 April 2019. The results of the assessment were then reported to the Board at the following Board meeting.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against mis-statement and loss.

The principal risks and uncertainties affecting the Company are disclosed on pages 15 and 16.

Ian Davis
Chairman of Audit Committee
10 June 2019

Directors' Remuneration Report

Remuneration Committee

Under the Listing Rules, where an investment company has only non-executive directors, the Governance Code principles relating to directors' remuneration do not apply and the investment company is exempt from appointing a Remuneration Committee. Accordingly, as the Board of Directors is comprised solely of non-executive Directors, the Board carries out the function of the Remuneration Committee. The determination of Directors' fees is a matter dealt with by the whole Board.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is shown below.

The Board has prepared this report, which has been divided into separate sections of unaudited and audited information, in accordance with the requirements of section 421 of the Companies Act 2006. An ordinary resolution for the approval of this Report will be put to the members at the forthcoming Annual General Meeting.

Remuneration Policy

The Company's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and Directors' time commitment, and be fair and comparable to that of other investment trusts that are similar in size and have similar investment objectives. The policy was approved by Shareholders at the AGM in 2017 and there have been no changes to the policy since that date. It is intended that this policy will continue in force until the AGM in 2020.

The Company's Articles of Association currently limit the aggregate fees payable to the Board of Directors to a total of £100,000 per annum. The Company is seeking Shareholder approval at the upcoming Annual General Meeting to increase the limit to £150,000 per annum, with an annual uplift in the limit to reflect the change in the Consumer Price Index. The new limit reflects the fact the number of Directors has increased from three to four and will enable the Company to pay fees closer to market rates.

It is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities, and the time committed to the Company's affairs. Since 1 January 2015, the Chairman has received fees of £24,500 per annum, the Audit Committee Chairman has received fees of £22,000 per annum and £20,000 per annum has been payable to other Directors. Following a recent review of fees, it has been determined that the each of the fee rates has fallen well behind market rates. The Board is therefore planning, subject to the approval by Shareholders of the new overall limit on aggregate fees, to increase Directors' fees to £24,000 with supplements for each of the Nomination Committee Chair (£1,000), Audit Committee Chair (£3,000) and Board Chair (£8,000). This will ensure the Directors fees appropriately reflect the current responsibilities and commitment of the Directors and will ensure the Company continues to be able to attract high-calibre individuals in the future.

No Director has a service contract with the Company. Letters of appointment are in place under which the Directors are appointed to the Board subject, inter alia, to reappointment in accordance with the Articles of Association.

The Directors have not had any interests in contractual arrangements with the Company either during the period or subsequently.

No Director past or present has any entitlement to pensions and the Company has not awarded any share options or long-term performance incentives to any of the Directors.

Annual Report on Directors' Remuneration

Directors' Emoluments (audited)

The Directors who served in the year received the following fees:

	2019 £	2018 £
Richard Ramsay	24,500	24,500
Ian Davis	22,000	22,000
James McCulloch	20,000	20,000
Sue Inglis	3,333	-
Totals	**69,833**	**66,500**

The amounts paid by the Company to the Directors were for services as non-executive Directors.

Relative Importance of Spend on Pay

The table below shows the actual expenditure during the year in relation to Directors' remuneration, other expenses and Shareholder distributions:

	2019 £'000	2018 £'000	Change %
Aggregate Directors' remuneration	70	67	+4.4
Management and other expenses	1,332	1,194	+11.6†
Dividends paid to Shareholders	3,140	2,735	+14.8††

† The increase in expenses is mainly due to the increase in the number of shares in issue, as the management fee, which is the largest expense, is based on the Company's market capitalisation.

†† The increase in dividends paid is the result of a combination of the increase in the dividend rate and the increase in the number of shares in issue.

Directors' Shareholdings (audited)

The Directors who held office at the year end and their interests in the Ordinary shares of the Company were as follows:

	At 30 April 2019 Ordinary shares	At 30 April 2018 Ordinary shares
Richard Ramsay	133,014	133,014
Ian Davis	92,796	92,796
James McCulloch	95,000	95,000
Sue Inglis	-	N/A

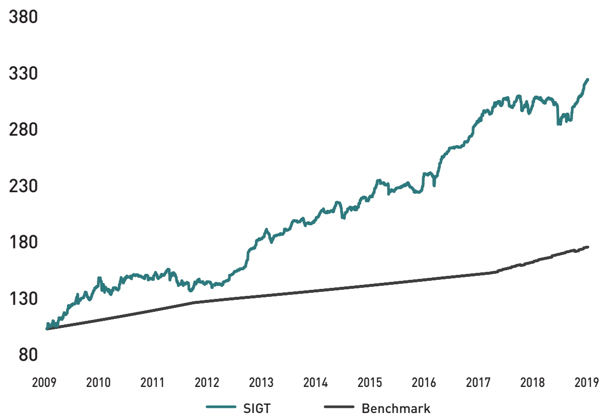
On 9 May 2019, Sue Inglis purchased 20,000 Ordinary shares.

There have been no other changes in the Directors' interests in the shares of the Company between 30 April 2019 and 7 June 2019.

Company Performance

The chart shown below illustrates, for the ten financial years ended 30 April 2019, the total Shareholder return for a holding in the Company's shares as compared to the notional annualised return of 8% from 1 May 2009 to 18 January 2012, 3 month LIBOR plus 3% from 18 January 2012 to 6 July 2017 and CPI plus 6% from 7 July 2017 to 30 April 2019.

Share price total return



Source: Seneca Investment Managers/Bloomberg

Voting at Annual General Meeting

At the Company's last Annual General Meeting, held on 13 July 2018, Shareholders approved the Directors' Remuneration Report in respect of the year ended 30 April 2018. 99.7% of votes were in favour of the resolution, 0.1% were against, while 0.2% abstained. At the Annual General Meeting on 6 July 2017, Shareholders approved the Directors' Remuneration Policy in respect of the three year period ending 30 April 2020. 92.9% of votes were in favour of the resolution, 0.2% were against and 6.9% abstained.

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to an advisory Shareholders vote at the forthcoming Annual General Meeting.

By order of the Board
PATAC Limited
Company Secretary
10 June 2019

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 FRS 102 "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 true and fair view 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.com** 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 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
10 June 2019

Independent Auditor's Report

to the Members of Seneca Global Income & Growth Trust plc

Opinion

We have audited the financial statements of Seneca Global Income & Growth Trust plc (the 'Company') for the year ended 30 April 2019 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 April 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on pages 15 and 16 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 15 in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 16 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 16 in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement. • Risk of incorrect valuation and/or defective title of the investment portfolio.
Materiality	• Overall materiality of £0.85m which represents 1% of shareholders' funds.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement (per the Audit Committee report set out on page 27 and the accounting policy set out on page 41). The income received for the year to 30 April 2019 was £4.51m (2018: £3.82m), consisting primarily of dividend income from listed investments. The income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete or inaccurate recognition of income through the failure to recognise proper income entitlements or applying an inappropriate accounting treatment. Special dividends represent dividends paid by investee companies that are additional to the normal or expected dividend cycle for that company. In accordance with the AIC SORP, special dividends can be included within either the revenue or capital columns of the Income Statement, depending on the commercial circumstances behind the payments. The Directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'. As such, there is a manual and judgemental element in allocating special dividends between revenue and capital. The Company also receives income from its investments in underlying offshore funds. For those underlying funds that are reporting offshore funds, excess reported income needs to be taken into account for the purposes of the revenue retention test. For those offshore funds that don't have reporting fund status, gains after the deduction of management expenses are liable to a tax rate of 19%.	**We have performed the following procedures:** We performed walkthrough procedures to evaluate the design and implementation of controls operated by the Administrator over revenue recognition including the processes and controls for identifying offshore funds, the recognition of excess reportable income and the classification of special dividends. We agreed a sample of dividends and distributions from underlying collective investment schemes received from the Company's income reports to the corresponding announcement made by the investee company. We recalculated the dividend amount receivable using exchange rates obtained from an independent data vendor and confirmed that the cash received as shown on bank statements was consistent with the recalculated amount. We agreed a sample of investee company dividend announcements from an independent data vendor to the income recorded by the Company to test completeness of the income recorded. For all dividends accrued at the year end, we inspected the investee company announcements to assess whether the obligation arose prior to 30 April 2019. We agreed the dividend rate to corresponding announcements made by the investee company. We recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year end bank statements, where paid. We inspected the Company's income and capital reports and used independent data sources to identify special dividends received or accrued in excess of our testing threshold. We identified one special dividend and confirmed it was included on the client's special dividend list. The special dividend received was not in excess of our testing threshold, however as part of our walkthrough procedures we reviewed the underlying circumstances and motives for the payment to test the classification of the special dividend as revenue. We obtained the offshore fund listing from the client and performed an independent check against the HMRC website to ensure the offshore funds identified by the client were correctly identified as offshore. We inspected the investment portfolio and trades report for the year to confirm completeness of the Company's offshore fund list. For the offshore funds held during the year we determined the reporting fund status by agreeing to the HMRC website. For the reporting offshore funds, we independently verified the excess reported income recognised within the financial statements by obtaining the excess reportable income rates from the underlying fund's website and recalculating the income entitlement. With regards to the non-reporting offshore fund held, we reviewed the trades report to see if there had been any disposals of the holding during the year, noting there were none.	**The results of our procedures are:** We had no matters to report to the Audit Committee with respect to our procedures performed over the risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation and/or defective title of the investment portfolio (as described on page 27 in the Report of the Audit Committee and as per the accounting policy set out on page 41). The valuation of the investment portfolio at 30 April 2019 was £90.23m (2018: £82.13m) consisting primarily of listed equities and OEICs with an aggregate value of £89.83m (2018: £78.79m) unquoted OEICs of £0.17m (2018: £0.43m), and unquoted and delisted securities of £0.22m (2018: £2.91m). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing or a failure to maintain proper legal title of the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is determined by reference to bid value or the last traded price depending on the convention of the exchange on which the investment is listed. The fair value of investments in OEICs is determined by reference to bid price for dual priced funds or single price for single priced funds. Unquoted and delisted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Managers. The unquoted and delisted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). The incorrect valuation of the investment portfolio, including incorrect application of exchange rates, could have a significant impact on the financial statements. The valuation of the unquoted and delisted investments requires management to apply judgement and estimation. Due to the subjectivity involved, there is the risk that the unquoted and delisted valuations do not reflect fair value. In addition, there is a risk of misappropriation of assets and unsecured ownership of the entire investment portfolio.	**We performed the following procedures:** We performed walkthrough procedures to evaluate the design and implementation of controls operated by the Administrator over investment valuation and legal title for the Company's investments in quoted equities and OEICs. For all listed investments in the portfolio we compared the market values and exchange rates applied at 30 April 2019 to an independent pricing vendor. We inspected the price exception and stale pricing reports to identify any unexpected price movements or stale prices in investments held as at the year-end. We performed walkthrough procedures to evaluate the design and implementation of controls operated by the Manager and the Administrator over investment valuation and legal title for the Company's investments in unquoted and delisted equities. For the unquoted and delisted investments held as at the year-end we performed the following procedures: • Inspection of the valuation performed and testing whether they have been performed in line with the IPEV guidelines; • Testing the appropriateness of the data inputs and assumptions used in the valuations to third party supporting documentation; and • Through inspection of available information such as comparative company data, we challenged the valuation assumptions, judgements and methods used. We agreed the Company's title to all investments as at 30 April 2019 to an independent confirmation received from the Company's Custodian and Depository.	**The results of our procedures are:** We had no matters to report to the Audit Committee with respect to our procedures performed over the risk of incorrect valuation and defective title to the investment portfolio.

There have been no changes to the areas of key focus raised in the above risk table from the prior year.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including changes in the business environment, when assessing the level of work to be performed.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £0.85m (2018: £0.82m) which is 1% of shareholders' funds. We believe that shareholders' funds provide us with materiality aligned to the key measure of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £0.64m (2018: £0.62m).

Given the importance of the distinction between revenue and capital for the Company, we have also applied a separate testing threshold for the revenue column of the Income Statement of £0.18m (2018: £0.15m) being the greater of 5% of the net revenue return on ordinary activities before taxation and our reporting threshold which is set at 5% of planning materiality.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.04m (2018: £0.04m) which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 30** – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting set out on pages 26 and 27** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 24** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 30, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, Companies Act 2006, AIC SORP, the Listing Rules, the UK Corporate Governance Code and section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and incorrect valuation of the unquoted and delisted investment portfolio. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed as auditor by the Company and signed an engagement letter prior to our audit of the financial statements for the period ending 30 April 1997 and subsequent financial periods. Our appointment was subsequently ratified at the first annual general meeting of the Company held on 12 August 1997.

  The period of total uninterrupted engagements including previous renewals and reappointments is twenty two years, covering the years ending 30 April 1997 to 30 April 2019.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Beszant

(Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
10 June 2019

Notes:

1. The maintenance and integrity of Seneca Global Income & Growth Trust plc website is the responsibility of the Directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Income Statement

	Notes	Year ended 30 April 2019 Revenue £'000	Capital £'000	Total £'000	Year ended 30 April 2018 Revenue £'000	Capital £'000	Total £'000
Gains on investments	9	-	3,071	3,071	-	1,246	1,246
Income	2	4,510	-	4,510	3,816	-	3,816
Investment management fee	3	(326)	(326)	(652)	(312)	(312)	(624)
Administrative expenses	4	(498)	-	(498)	(452)	-	(452)
Profit before finance cost and taxation		3,686	2,745	6,431	3,052	934	3,986
Finance costs	5	(91)	(91)	(182)	(59)	(59)	(118)
Profit before taxation		3,595	2,654	6,249	2,993	875	3,868
Taxation	6	(12)	1	(11)	(5)	-	(5)
Profit for year/total comprehensive income		**3,583**	**2,655**	**6,238**	**2,988**	**875**	**3,863**
Return per share (pence)	**8**	**7.50**	**5.55**	**13.05**	**6.85**	**2.01**	**8.86**

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 2019 £'000	As at 30 April 2018 £'000
Fixed assets			
Investments at fair value through profit or loss	9	90,225	82,135
Current assets			
Debtors and prepayments	10	596	584
Cash and short term deposits		1,421	6,673
		2,017	7,257
Creditors: amounts falling due within one year	11		
Bank loan		(7,000)	(7,000)
Other creditors		(302)	(365)
		(7,302)	(7,365)
Net current liabilities		(5,285)	(108)
Net assets		**84,940**	**82,027**
Capital and reserves			
Called-up share capital	12	12,309	11,905
Share premium account		15,312	12,942
Special reserve		38,824	41,783
Capital redemption reserve		2,099	2,099
Capital reserve	13	14,413	11,758
Revenue reserve		1,983	1,540
Equity shareholders' funds		**84,940**	**82,027**
Net asset value per share (pence)	15	179.08	172.25

The financial statements were approved by the Board of Directors and authorised for issue on 10 June 2019 and were signed on its behalf by:

Richard Ramsay
Chairman

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

Statement of Changes in Equity

For the year ended 30 April 2019	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 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 (see note 7)	-	-	-	-	-	(3,140)	(3,140)
Discount control costs	-	(66)	-	-	-	-	(66)
Shares bought back into treasury	-	-	(3,775)	-	-	-	(3,775)
Shares issued from treasury	-	40	816	-	-	-	856
New shares issued	404	2,396	-	-	-	-	2,800
Balance at 30 April 2019	**12,309**	**15,312**	**38,824**	**2,099**	**14,413**	**1,983**	**84,940**

For the year ended 30 April 2018	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 2017	10,320	3,408	41,783	2,099	10,883	1,287	69,780
Total comprehensive income	-	-	-	-	875	2,988	3,863
Dividends paid (see note 7)	-	-	-	-	-	(2,735)	(2,735)
Discount control costs	-	(43)	-	-	-	-	(43)
Shares bought back into treasury	-	-	(1,693)	-	-	-	(1,693)
Shares issued from treasury	-	64	1,693	-	-	-	1,757
New shares issued	1,585	9,513	-	-	-	-	11,098
Balance at 30 April 2018	**11,905**	**12,942**	**41,783**	**2,099**	**11,758**	**1,540**	**82,027**

The revenue reserve, capital reserve and special reserve represent the amount of the Company's reserves distributable by way of dividend.
The accompanying notes are an integral part of the financial statements.

Cash Flow Statement

	Year ended 30 April 2019 £'000	Year ended 30 April 2019 £'000	Year ended 30 April 2018 £'000	Year ended 30 April 2018 £'000
Net return before finance costs and taxation		6,431		3,986
Adjustments for:				
Gains on investments		(3,071)		(1,246)
Income		(4,510)		(3,816)
Income received		4,500		3,760
Loan interest paid		(167)		(145)
Tax paid		(14)		(5)
(Increase)/decrease in other debtors		(14)		1
Increase in other creditors		7		23
Net cash inflow from operating activities		**3,162**		**2,558**
Investing activities				
Purchases of investments	(33,603)		(28,538)	
Sales of investments	28,514		20,932	
Net cash outflow from investing activities		**(5,089)**		**(7,606)**
Financing activities				
Proceeds of issue of shares	3,590		12,808	
Cost of share buybacks	(3,775)		(1,693)	
Equity dividends paid	(3,140)		(2,735)	
Net cash (outflow)/inflow from financing activities		**(3,325)**		**8,380**
(Decrease)/increase in cash		(5,252)		3,332
Opening balance		6,673		3,341
Closing balance		**1,421**		**6,673**

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

Notes to the Financial Statements

1 Accounting Policies

(a) Basis of preparation and going concern
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 rounded to the nearest £'000. They have also been prepared on the assumption that approval as an investment trust will continue. The financial statements have been prepared on a going concern basis. The Directors believe this is appropriate for the reasons outlined in the Strategic Report on page 16.

Statement of estimation uncertainty – in the application of the Company's accounting policies, the Board is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not always readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may vary from these estimates. Except for the valuation of unquoted investment holdings, there have been no significant judgements, estimates or assumptions for the year.

(b) Investments
Investments have been designated upon initial recognition as fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured at fair value. Subsequent to initial recognition, investments continue to be valued at fair value. For listed investments, this is deemed to be bid market prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange. Investments in collective investment schemes have been valued at bid price for dual priced funds or single price for single priced funds. Unquoted investments are valued by the Directors using International Private Equity and Venture Capital Valuation ('IPEV') guidelines, such as earnings multiples, recent transactions and net assets, which equate to their fair values. Gains and losses arising from changes in fair value are included in net profit or loss for the year as a capital item in the Income Statement. The Company has chosen to apply FRS 102 sections 11 and 12 for the recognition and measurements of financial assets and liabilities.

(c) Income
Income from investments (other than special dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex dividend. Special dividends are credited to capital or revenue, according to the circumstances. Interest receivable on short term deposits is treated on an accruals basis.

(d) Expenses
All expenses are accounted for on an accrual basis. Expenses are charged to revenue within the Income Statement except as follows:

- transaction costs on the acquisition or disposal of investments are charged to capital;
- expenses are charged to capital where a connection with the maintenance or enhancement of the value of investments can be demonstrated. In this respect the investment management fee and loan interest relating to the £14 million bank facility have been allocated 50% to capital and 50% to revenue within the Income Statement;
- loan break costs are charged 100% to capital within the Income Statement.

(e) Financial assets and liabilities
All financial assets and liabilities are recognised in the financial statements at fair value, with loans valued at amortised cost.

(f) Reserves
Revenue reserve* – the net revenue for the year is transferred to the revenue reserve and dividends paid are deducted from the revenue reserve.

Capital reserve* – capital expenses, gains or losses on realisation of investments and changes in fair values of investments are transferred to the capital reserve.

Special reserve* – the purpose of this reserve is to fund market purchases of the Company's own shares. The reserve was originally created by the cancellation and transfer of the Company's share premium account in 2005 and a further cancellation and transfer occurred in 2008.

Share premium account – this represents the surplus of subscription monies after expenses over the nominal value of the issued share capital.

Capital redemption reserve – the nominal value of the shares bought back and cancelled are transferred to the capital redemption reserve.

* Distributable reserves.

(g) Taxation

The tax effect of different items of income/gains and expenditure/losses is allocated between revenue and capital on the same basis as the particular item to which it relates, under the marginal method, using the Company's effective rate of tax.

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided on all timing differences which have originated but not reversed by the balance sheet date. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in future against which the deferred tax asset can be offset. Due to the Company's status as an investment trust company, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(h) Foreign currency

Transactions involving foreign currencies are converted to sterling, being the Company's functional currency, at the rate ruling at the date of the transaction. Translation of all monetary assets and liabilities and non-monetary assets held at fair value is at the year end exchange rate. Differences arising from translation are treated as a gain or loss to capital or revenue within the Income Statement depending upon the nature of the gain or loss.

(i) Interest bearing borrowings

All interest bearing borrowings are initially recognised at cost, being fair value of the consideration received. After initial recognition, all interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any loan arrangement costs.

2 Income

	2019 £'000	2018 £'000
Income from investments		
UK franked income	2,706	2,275
UK unfranked dividend income	659	559
Overseas dividends	1,145	982
Total income	**4,510**	**3,816**

3 Investment Management Fee

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Investment management fee	326	326	652	312	312	624

The Company's investment manager is Seneca Investment Managers Limited ('SIML'). The management fee payable is calculated by reference to the Company's market capitalisation, at a rate of 0.9% per annum on market capitalisation up to £50m and 0.65% per annum on market capitalisation above this figure. PATAC Limited ('PATAC') was appointed as AIFM with effect from 4 April 2018. From the same date the portfolio management services were delegated to SIML. The commercial terms are the same as the previous investment management agreement except that the cost of the AIFM is borne by SIML out of its management fee. The agreement is terminable by either party on 12 months' notice. In the event that the agreement is terminated on less than 12 months notice, SIML is entitled to payment in lieu of such notice. The fee is chargeable 50% to capital and 50% to revenue within the Income Statement, reflecting the estimated split of long term returns between capital and revenue. The balance due to SIML at the year end was £52,000 (2018: £55,500).

4 Administrative Expenses	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Administration and company secretarial fees	117	-	117	120	-	120
Directors' fees	70	-	70	67	-	67
Printing and stationery	16	-	16	16	-	16
Auditor's remuneration:						
- audit (inclusive of VAT)	29	-	29	30	-	30
- compliance taxation services (inclusive of VAT)*	-	-	-	9	-	9
Other	266	-	266	210	-	210
	498	-	**498**	**452**	**-**	**452**

The Company has an agreement with PATAC Limited ('PATAC') for the provision of administration and Company secretarial services.
PATAC is entitled to a fixed fee of £110,000 per annum (index-linked).
The agreement is terminable by either party on three months' notice. No sum was due to PATAC at the year end (2018 - £nil).
*The 2018 charge relates to services provided in relation to the year ended 30 April 2016, invoiced in the year ended 30 April 2018.

5 Finance Costs	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
On bank loans	91	91	182	59	59	118

Finance costs relate to interest charged on the revolving loan facility, details of which are disclosed in note 11.

6 Taxation	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
(a) Analysis of charge for the year						
Total tax charge/(credit)	12	(1)	11	**5**	**-**	**5**

(b) Factors affecting the tax charge for the year
The tax assessed for the year is lower than the standard rate of corporation tax in the UK.

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Net profit on ordinary activities before taxation	**3,595**	**2,654**	**6,249**	**2,993**	**875**	**3,868**
Corporation tax at 19.00% (2018 - 19.00%)	683	504	1,187	569	166	735
Effects of:						
Non-taxable UK dividends	(464)	-	(464)	(394)	-	(394)
Non-taxable overseas dividends	(217)	-	(217)	(187)	-	(187)
Overseas tax	11	-	11	5	-	5
Movement in unutilised management expenses	(1)	78	77	12	70	82
Gains on investments not taxable	-	(583)	(583)	-	(236)	(236)
Total tax payable	**12**	**(1)**	**11**	**5**	**-**	**5**

(c) Factors that may affect future tax changes
There was no provision for deferred taxation made for either this year or the previous year. The Company has not recognised a deferred tax asset of £1,135,000 (2018 - £1,027,000) arising as a result of non-trading deficits and eligible unrelieved foreign tax. These deficits will only be utilised if the Company has profits chargeable to corporation tax in future accounting periods. It is considered too uncertain that the Company will generate such profits and therefore no deferred tax asset has been recognised.

7 Dividends

Amounts recognised as distributions to equity holders for the year ended 30 April:

	2019 £'000	2018 £'000
Fourth interim dividend for 2018 - 1.64p (2017 - 1.58p)	788	640
First interim dividend for 2019 - 1.64p (2018 - 1.58p)	807	658
Second interim dividend for 2019 - 1.64p (2018 - 1.58p)	775	705
Third interim dividend for 2019 - 1.64p (2018 - 1.58p)	770	732
	3,140	**2,735**

A fourth interim dividend has been declared for the year of 1.68p (2018 - 1.64p) per share, amounting to £813,000 (2018 - £788,000). There is no final dividend proposed for the year (2018 - nil).

We set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of sections 1158-1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £3,583,000 (2018 - £2,988,000).

	2019 £'000	2018 £'000
Fourth interim dividend for 2019 - 1.68p (2018 - 1.64p)	813	788
Third interim dividend for 2019 - 1.64p (2018 - 1.58p)	770	732
Second interim dividend for 2019 - 1.64p (2018 - 1.58p)	775	705
First interim dividend for 2019 - 1.64p (2018 - 1.58p)	807	658
	3,165	**2,883**

8 Return per Ordinary Share

The return per Ordinary share is based on the following figures:

		2019			2018	
	Revenue p	Capital p	Total p	Revenue p	Capital p	Total p
	7.50	5.55	13.05	6.85	2.01	8.86

The revenue return per Ordinary share is calculated on net revenue on ordinary activities after taxation for the year of £3,583,000 (2018 - £2,988,000) and on 47,785,623 (2018 - 43,620,786) 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 profit for the year of £2,655,000 (2018 - profit of £875,000) and on 47,785,623 (2018 - 43,620,786) 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 £6,238,000 (2018 - gains of £3,863,000) and on 47,785,623 (2018 - 43,620,786) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

9 Investments

	Listed in the UK £'000	OEICs, unquoted and delisted £'000	2019 Total £'000	2018 Total £'000
Fair value through profit or loss:				
Opening book cost	54,364	23,683	78,047	64,630
Opening fair value gains on investments held	2,929	1,159	4,088	8,501
Opening valuation	57,293	24,842	82,135	72,931
Movements in year:				
Transfers	2,628	(2,628)	-	-
Purchases at cost	16,000	17,533	33,533	28,715
Sales - proceeds	(18,098)	(10,416)	(28,514)	(20,757)
- gains/(losses) on sales	4,194	(235)	3,959	5,459
Movement in fair value of investments held	131	(1,019)	(888)	(4,213)
Closing fair value of investments held	**62,148**	**28,077**	**90,225**	**82,135**
Closing book cost	59,088	27,937	87,025	78,047
Closing fair value gains on investments held	3,060	140	3,200	4,088
	62,148	**28,077**	**90,225**	**82,135**

Gains on investments	2019 £'000	2018 £'000
Gains on sales	3,959	5,459
Decrease in fair value of investments held	(888)	(4,213)
	3,071	**1,246**

Transaction costs

During the year expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains/(losses) on investments in the Income Statement. The total costs were as follows:

	2019 £'000	2018 £'000
Purchases	48	70
Sales	74	21
	122	**91**

10 Debtors: Amounts Falling Due Within One Year

	2019 £'000	2018 £'000
Dividends and interest receivable	535	524
Prepayments and other debtors	61	60
	596	**584**

None of the above amounts are past their due date or impaired (2018: nil).

11 Creditors: Amounts Falling Due Within One Year

	2019 £'000	2018 £'000
Bank loan	7,000	7,000
Interest payable	8	8
Other creditors	294	357
	7,302	**7,365**

The Company has a £14,000,000 (2018: £14,000,000) revolving loan facility in place with Royal Bank of Scotland plc which expires in October 2020. At 30 April 2019 £7,000,000 had been drawn down at an all-in fixed rate of 2.04188% until 31 October 2019. At 30 April 2018 the amount of £7,000,000 had been drawn down at an all-in fixed rate of 1.9094% until 31 October 2018. The terms of the revolving loan, including interest rate, are agreed at each draw down. The facility can be cancelled at any time without cost to the Company.

As at 30 April 2019 there was a commitment fee of £8,000 (2018 - £8,000) payable to the Royal Bank of Scotland on the undrawn bank loan facility.

12 Called-up Share Capital

	2019 £'000	2018 £'000
Called-up, allotted and fully paid		
47,430,088 (2018 - 47,621,361) Ordinary shares of 25p in issue	11,858	11,905
1,806,273 (2018 - nil) Ordinary shares of 25p held in treasury	451	-
49,236,361 (2019 - 47,621,361) Ordinary shares of 25p	12,309	11,905

The Ordinary shares carry the right to receive any dividends and have one vote per Ordinary share. There are no restrictions on the voting rights of the shares or on the transfer of the shares.

During the year to 30 April 2019 the Company repurchased 2,306,273 Ordinary shares (2018: 1,000,000) at a total cost of £3,775,000 (2018: £1,693,000), all of which were placed in treasury.

During the year to 30 April 2019 the Company re-issued 500,000 Ordinary shares (2018: 1,000,000) from treasury for cash proceeds totalling £856,020 (2018: 1,757,000).

During the year to 30 April 2019 there were 1,615,000 (2018 - 6,340,000) new Ordinary shares of 25p each issued by the Company for cash proceeds totalling £2,800,000 (2018 - £11,098,000).

The costs of the operation of the Discount Control Mechanism of £66,000 (2018 - £43,000) have been charged against the premium on shares issued.

13 Capital Reserve

	2019 £'000	2018 £'000
Balance brought forward	11,758	10,883
Movement in fair value gains	3,071	1,246
Expenses allocated to capital reserves	(417)	(371)
Taxation	1	-
Balance carried forward	**14,413**	**11,758**

The capital reserve includes investment holding gains amounting to £3,200,000 (2018 - gains of £4,088,000), as disclosed in note 9.

14 Commitments and Contingencies

As at 30 April 2019 there were no contingent liabilities (2018 - nil).

15 Net Asset Value per Share

	2019	2018
Net assets attributable	£84,940,000	£82,027,000
Number of Ordinary shares in issue	47,430,088	47,621,361
Net asset value per Ordinary share	179.08p	172.25p

16 Risk Management, Financial Assets and Liabilities

The Company's financial instruments comprise:

– Equities that are held in accordance with the Company's investment objective, which is set out on page 1 of this Report;

– Term loans, the main purpose of which is 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 risk 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. The maturity profile is disclosed below.

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 Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy.

A list of the investments held by the Company at 30 April 2019 is shown in the 'Investment Portfolio' table on pages 11 and 12. All investments are stated at fair value.

If market prices of quoted securities at the Balance Sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to Shareholders for the year ended 30 April 2019 would have increased/decreased by £9,001,000 (2018 - increase/decrease of £7,922,000) and equity reserves would have increased/decreased by the same amount.

Market risk includes interest rate risk, foreign currency risk and other price risk.

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 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 may finance some or all of 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.

Maturity profile

The maturity profile of the Company's financial assets and liabilities at 30 April 2019 and 30 April 2018 was as follows:

At 30 April 2019	Within 1 year £'000	Within 1-5 years £'000	More than 5 years £'000	Total £'000
Floating rate				
Bank loan	(7,072)	-	-	(7,072)
Cash	1,421	-	-	1,421

Details of the Company's loan is shown in note 11.

At 30 April 2018	Within 1 year £'000	Within 1-5 years £'000	More than 5 years £'000	Total £'000
Floating rate				
Bank loan	(7,067)	-	-	(7,067)
Cash	6,673	-	-	6,673

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for floating interest investments and borrowings at the Balance Sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of investments that have floating rates.

If interest rates had been 100 basis points higher or lower respectively and all other variables were held constant, the Company's:

– Profit before tax for the year ended 30 April 2019 would decrease/increase by £56,000 (2018 - £3,000). This is mainly attributable to the Company's exposure to interest rates on its borrowings and cash balances. These positions have been calculated based on cash balance and borrowing positions at each year end.

– Profit before tax for the year ended 30 April 2019 would increase/decrease by £174,000 (2018 - £168,000). This is mainly attributable to the Company's exposure to interest rates on its third party managed debt funds, which are both fixed and variable rate vehicles. This is based on assumptions of modified duration on third party funds held.

In the opinion of the Directors, the above sensitivity analyses are not necessarily representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Company's objectives. The risk parameters used will fluctuate depending on the current market perception.

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 and therefore no sensitivity analysis is presented in this regard. At the year end the Company held the following investments denominated in foreign currencies:

	2019		2018	
	Currency '000	Sterling equivalent £'000	Currency '000	Sterling equivalent £'000
Euro	175	150	313	275
US	4,727	3,628	5,019	3,645

At the year end the Company held foreign currency cash balances with the sterling equivalent of £nil (2018 - £42,000).

Other price risk

Other price risks (i.e. 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, as detailed on pages 14 and 15, 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 vast majority of 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 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.

The carrying amounts of financial assets exposed to credit risk, namely receivables and cash, best represents the maximum credit risk exposure at the Balance Sheet date, hence no separate disclosure is required.

17 Capital Management Policies and Procedures

The Company's capital management objectives are:

– to ensure that the Company will be able to continue as a going concern; and

– to maximise the income and capital return to its equity Shareholders through an appropriate balance of equity capital and debt. The Board normally seeks to limit gearing to 20% of net assets.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes the nature and planned level of gearing, which takes account of the Manager's views on the market and the extent to which revenue in excess of that which is required to be distributed should be retained.

Capital management	2019 £'000	2018 £'000
Debt		
Bank loan	7,000	7,000
Equity		
Equity share capital	12,309	11,905
Retained earnings and other reserves	72,631	70,122
	84,940	82,027
Debt as a % of net assets	8.24	8.53

The Company considers the above headings to be the capital that it manages.

18 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 either 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 and liabilities measured at fair value in the Balance Sheet are grouped into the fair value hierarchy at 30 April as follows:

Financial assets at fair value through profit or loss	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	2019 Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	2018 Total £'000
Quoted Equities	a)	62,148	-	-	62,148	57,293	-	-	57,293
OEICs	a)	27,687	-	173	27,860	21,497	-	432	21,929
Unquoted and delisted equities	b)	-	-	217	217	-	-	2,913	2,913
Net fair value		**89,835**	-	**390**	**90,225**	**78,790**	**-**	**3,345**	**82,135**

(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 has 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) Unquoted and delisted Investments

The fair value of the Company's investments in unquoted stocks have been determined by reference to primary valuation techniques described in note 1(b).

At 30 April 2018, the unquoted investment AJ Bell was valued at the most recent transaction price. A J Bell listed on 12 December 2018 and transferred from Level 3 to Level 1.

During the year to 30 April 2019, Blue Capital Reinsurance Fund went into liquidation and de-listed from the London Stock Exchange. As a result, this investment has transferred from Level 1 to Level 3. The fair value has been determined based on the current value of the fund, as provided by the relevant fund manager, with the application of a liquidation discount.

A reconciliation of fair value measurements in Level 3 is set out in the following table:

	Unquoted and delisted equities £'000	**OEICs £'000**	**Total £'000**
Opening balance	2,913	432	3,345
Purchases	-	-	-
Sales	-	-	-
Transfers	(2,628)	-	(2,628)
Total losses included in gains on investments in the Income Statement:			
- on assets sold	-	-	-
- on assets held at the end of the year	(68)	(259)	(327)
Closing balance	**217**	**173**	**390**

19 Related Parties

The Directors of the Company receive fees for their services. James McCulloch's fees are paid to J.3. Capital Limited. Further details are provided in the Directors' Remuneration Report on pages 28 and 29.

Unaudited Financial Information
Alternative Investment Fund Managers' Directive (AIFMD)

In accordance with the AIFMD, information in relation to the Company's AIFM, PATAC Limited, is required to be made available to investors. In accordance with the Directive, the AIFM's remuneration policy and the numerical remuneration disclosures in respect of the relevant financial reporting period (year ending 30 April 2019) are available from PATAC on request.

The Company's maximum and actual leverage levels at 30 April 2019 are shown below:

	Gross Method	**Commitment Method**
Maximum limit	200%	200%
Actual	106%	108%

Glossary of Terms and Alternative Performance Measures

The Alternative Performance Measures ('APMs') detailed below are used by the Board to assess the Company's performance against a range of criteria and are viewed as particularly relevant to an investment trust.

Actual Gearing (APM)
Total assets (as below) less all cash and liquidity fund investments divided by shareholders' funds.

(Discount)/Premium (APM)
The amount by which the share price is lower or higher than the net asset value per share, expressed as a percentage of the net asset value per share.

			2019	2018
NAV per share	a		179.08p	172.25p
Share price	b		178.25p	174.75p
(Discount)/Premium	c	c=(b-a)/a	(0.5)%	1.5%

Dividend Yield (APM)
The annual dividend expressed as a percentage of the share price.

Net Asset Value (NAV)
The value of total assets less liabilities. Liabilities for this purpose includes current and long-term liabilities. To calculate the net asset value per Ordinary share the net asset value divided by the number of shares in issue produces the net asset value per share.

NAV Total Return (APM)
The increase/(decrease) in net asset value per share plus the dividends paid in the period, which are assumed to be reinvested at the time that the share price is quoted ex-dividend.

	2019	2018
Opening NAV per share	172.25p	169.04p
Increase in NAV per share	6.83p	3.21p
Closing NAV per share	179.08p	172.25p
% increase in NAV	4.0%	1.9%
Impact of reinvested dividends	3.6%	3.8%
NAV total return	7.6%	5.7%

Ongoing Charges (APM)
Operating costs incurred in the reporting period, calculated as a percentage of average net assets in that year. Operating costs exclude costs suffered within underlying investee funds, costs of buying and selling investments, interest costs, taxation and the direct costs of buying back or issuing Ordinary shares.

	2019 £'000	2018 £'000
Investment Management fee	652	624
Other operating expenses	535	465
Ongoing charges	1,187	1,089
Average net assets	80,721	75,246
Ongoing charges ratio	1.47%	1.45%

Potential Gearing (APM) Total assets (as below) divided by shareholders' funds.

Prior Charges The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.

Share Price Total Return (APM) The increase/(decrease) in share price plus the dividends paid in the period, which are assumed to be reinvested at the time that the share price is quoted ex-dividend.

	2019	2018
Opening share price	174.75p	171.50p
Increase in share price	3.50p	3.25p
Closing NAV share price	178.25p	174.75p
% increase in share price	2.0%	1.9%
Impact of reinvested dividends	4.0%	3.8%
Share price total return	6.0%	5.7%

Total Assets Total assets less current liabilities (excluding prior charges as defined above).

Treasury Shares Ordinary shares that have been repurchased by the Company but not yet cancelled. These shares are held in a treasury account and remain part of the Company's share capital.

Notice of Annual General Meeting

Notice is hereby given that the twenty third annual general meeting of Seneca Global Income & Growth Trust plc will be held on Tuesday, 16 July 2019 at 12.30 p.m. at the offices of Newgate Communications, Ground Floor, Sky Light City Tower, 50 Basinghall Street, London EC2V 5DE, for the purposes of transacting the following business:

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. That the reports of the Directors and auditor and the audited financial statements for the year ended 30 April 2019 be received and adopted.
2. That the Directors' Remuneration Report for the year ended 30 April 2019 be approved.
3. That the Company's dividend policy as set out on page 21 of the Annual Report and Accounts for the year ended 30 April 2019 be and is hereby approved.
4. That Richard Ramsay, who retires annually, be re-elected as a Director.
5. That Ian Davis, who retires annually, be re-elected as a Director.
6. That James McCulloch, who retires annually, be re-elected as a Director.
7. That Sue Inglis be elected as a Director.
8. That Ernst & Young LLP be reappointed as auditor of the Company.
9. That the Directors be authorised to determine the remuneration of the auditor.
10. That the maximum aggregate sum available for Directors' remuneration for their services shall be £150,000 per annum, subject to an annual adjustment to reflect the Consumer Price Index.
11. That, in substitution for any pre-existing authority to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company ("**relevant securities**") up to an aggregate nominal amount of £4,038,340 (or such amount being equivalent to one third of the aggregate nominal amount of the issued share capital of the Company, excluding any treasury shares, at the date of passing of this resolution), such authority to expire on 16 October 2020 or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority, and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, pass the following resolutions as special resolutions:

12. That, subject to the passing of resolution 11, the Directors be and they are hereby empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the ''**Act**'') to allot equity securities (as defined in section 560 of the Act) pursuant to the authority granted by resolution 11 above or by way of the sale of shares from treasury, for cash as if section 561 of the Act did not apply to any such allotment or sale, provided that the power conferred by this resolution shall be limited to the allotment of equity securities or the sale of treasury shares having a nominal amount not exceeding £1,211,502 (or such amount being equivalent to 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of this resolution). Unless previously varied, revoked or renewed, the power hereby conferred shall expire on 16 October 2020 or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, save that the Company may, before the expiry of any power contained in this resolution, make an offer or agreement which would or might require equity securities to be allotted or treasury shares sold after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of such an offer or agreement as if the power conferred hereby had not expired.
13. That, in addition to the authority granted in resolution 12, the Directors be and they are hereby empowered pursuant to section 570 and 573 of the Companies Act 2006 (the ''**Act**'') to allot further equity securities (as defined in section 560 of the Act) pursuant to the authority granted by resolution 11 above or by way of the sale of shares from treasury, for cash as if section 561 of the Act did not apply to any such allotment or sale, provided that the power conferred by this resolution shall be limited to the allotment of further equity securities or the sale of treasury shares in connection with the Company's Discount Control Mechanism and having a nominal amount not exceeding £2,423,004 (or such amount being equivalent to 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of this resolution). Unless previously varied, revoked or renewed, the power hereby conferred shall expire on 16 October 2020 or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, save that the Company may, before the expiry of any power contained in this resolution, make an offer or agreement which would or might require equity securities to be allotted or treasury shares sold after such expiry and the Directors may allot equity securities or sell

treasury shares in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

14. That the Company be and it is hereby authorised in accordance with section 701 of the Companies Act 2006 (the "**Act**") to make market purchases (within the meaning of section 693(4) of the Act) of its Ordinary shares (either for retention as treasury shares for future resale or transfer or for cancellation) provided that:

    (a) the maximum number of Ordinary shares authorised to be purchased shall be 14.99% of the number of the Ordinary shares in issue (excluding treasury shares) at the date on which this resolution is passed;

    (b) the minimum price which may be paid for an Ordinary share shall be 25 pence;

    (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall not be more than the higher of:

        (i) 5% above the average of the market value of an Ordinary share for the five business days immediately preceding the date of purchase; and

        (ii) the higher of the price of the last independent trade and the highest current independent bid for any number of Ordinary shares on the trading venue on which the purchase is carried out; and

    (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 16 October 2020 or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary shares under such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract.

15. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board
PATAC Limited
Company Secretary
10 June 2019

Registered Office
Level 13
Broadgate Tower
20 Primrose Street
London EC2A 2EW

Notes:

1. Website

Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, can be found at www.senecaim.com.

2. Entitlement to attend and vote

Only Shareholders registered in the Company's register of members at 6.30 p.m. on 12 July 2019 (or, if the AGM is adjourned, at 6.30 p.m. on the day two business days prior to the adjourned meeting, excluding non-working days) shall be entitled to attend and vote at the AGM in respect of the number of Ordinary shares registered in their name at that time. Changes to entries on the register of members after 6.30 p.m. on 12 July 2019 (or, if the AGM is adjourned, at 6.30 p.m. on the day two business days prior to the date of the adjourned meeting, excluding non-working days) shall be disregarded in determining the rights of any person to attend, speak and vote at the AGM.

3. Attending the AGM in person

A Shareholder who wishes to attend the AGM in person should arrive at the venue for the AGM in good time to allow their attendance to be registered. As they may be asked to provide evidence of their identity prior to being admitted to the AGM, it is advisable for Shareholders to have some form of identification with them.

4. Appointment and revocation of proxies

4.1 A Shareholder at the time set out in note 2 above is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the AGM. A proxy does not need to be a member of the Company but must attend the AGM to represent the Shareholder. A proxy may only be appointed using the procedures set out in these notes and the notes on the Form of Proxy.

4.2 A Shareholder may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Ordinary shares. A Shareholder cannot appoint more than one proxy to exercise rights attached to the same Ordinary shares. If a Shareholder wishes to appoint more than one proxy, they should contact the Company's registrar, Equiniti Limited (the "**Registrar**"), on telephone number 0371 384 2411 or +44 121 415 7047 for International callers. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales).

4.3 If a Shareholder wishes a proxy to speak on their behalf at the AGM, the Shareholder will need to appoint their own choice of proxy (not the chairman of the AGM) and give their instructions directly to them. Such an appointment can be made using the Form of Proxy, electronically at www.sharevote.co.uk or through CREST.

4.4 A Shareholder may instruct their proxy to abstain from voting on a particular resolution to be considered at the AGM by marking the "Vote Withheld" option in relation to that particular resolution when appointing their proxy. It should be noted that a vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of the proportion of votes "For" or "Against" that particular resolution.

4.5 A Shareholder who wishes to change their proxy instruction must submit a new appointment of proxy in accordance with notes 5 to 8 (as appropriate) below. If a Shareholder requires another hard-copy Form of Proxy to enable them to change their proxy instruction, they should contact the Registrar on either of the telephone numbers set out in note 4.2 above.

4.6 In order to revoke a proxy instruction, a Shareholder must inform the Company by sending a hard-copy notice clearly stating their revocation of their proxy instruction to the Registrar, FREEPOST RTHJ-CLLL-KBKU, Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 8LU. In the case of a Shareholder that is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. The revocation notice must be received by the Registrar not later than 12.30 p.m. on 12 July 2019.

4.7 Appointment of a proxy will not preclude a Shareholder from attending the AGM and voting in person.

4.8 A person who is not a Shareholder but has been nominated by a Shareholder to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 10 below.

5. Appointment of proxy using hard-copy Form of Proxy

The notes on the Form of Proxy explain how to direct a proxy how to vote, or abstain from voting, on the resolutions. To appoint a proxy using the Form of Proxy, the Form of Proxy must be completed and signed and sent or delivered to the Registrar, FREEPOST RTHJ-CLLL-KBKU, Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 8LU, so as to be received by the Registrar by not later than 12.30 p.m. on 12 July 2019. In the case of a Shareholder which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

6. Appointment of proxy online

You may, if you wish, register the appointment of a proxy or voting instruction for the meeting by logging onto www.sharevote.co.uk. You will need to use the series of numbers made up of your Voting ID, Task ID and Shareholder Reference Number printed on your Form of Proxy. Full details of the procedure are given on the website. The proxy appointment and/or voting instructions must be received by Equiniti not later than 12.30 p.m. on 12 July 2019. Please note that any electronic communication sent to the Registrar that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the AGM is governed by Equiniti's conditions of use set out on the website, www.sharevote.co.uk, and may be read by logging onto the site.

7. Appointment of proxy through CREST

7.1 CREST members who wish to appoint a proxy or proxies for the AGM by utilising the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual, which can be reviewed at www.euroclear.com. CREST personal members or other CREST sponsored members and those CREST members who have appointed (a) voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

7.2 In order for a proxy appointment made via CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Registrar (ID RA19) by not later than 12.30 p.m. on 12 July 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

7.3 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

7.4 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

8. Appointment of proxies by joint members

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

9. Corporate representatives

Any corporation which is a Shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a Shareholder provided that no more than one corporate representative exercises powers over the same Ordinary share(s).

10. Nominated Persons

10.1 A person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**"): (i) may have a right under an agreement between the Nominated Person and the Shareholder who has nominated them to have information rights (the "**Relevant Member**") to be appointed or to have someone else appointed as a proxy for the AGM; and (ii) if they either do not have such a right or, if they have such a right but do not wish to exercise it, may have a right under an agreement between them and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. A Nominated Person's main point of contact in terms of their investment in the Company remains the Relevant Member (or, perhaps, their custodian or broker) and they should continue to contact them (and not the Company) regarding any changes or queries relating to their personal details and their interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from the Nominated Person.

10.2 The rights of Shareholders to attend the AGM and to appoint proxies set out in notes 2 and 4 above do not apply directly to a Nominated Person.

11. Website publication of audit concerns

Pursuant to Chapter 5 of Part 16 of the Companies Act (sections 527 to 531), where requested by (a) Shareholder(s) meeting the qualification criteria set out in note 12 below, the Company must publish on its website a statement setting out any matter that such Shareholder(s) propose(s) to raise at the AGM relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM. Where the Company is required to publish such a statement: (i) it may not require the Shareholder(s) making the request to pay any expenses incurred by the Company in complying with the request; (ii) it must forward the statement to the Company's auditor no later than the time the statement is made available on the Company's website; and (iii) the statement may be dealt with as part of the business of the AGM.

The request: (a) may be in hard copy form or in electronic form (see note 13 below); (b) either set out the statement in full or, if supporting a statement sent by another Shareholder, clearly identify the statement which is being supported; (c) must be authenticated by the person or persons making it (see note 13 below); and (d) be received by the Company at least one week before the AGM.

12. Shareholders' qualification criteria

In order to be able to exercise the members' right to require the Company to publish audit concerns (see note 11 above) the relevant request must be made by: (i) (a) Shareholder(s) having a right to vote at the AGM and holding at least 5% of the total voting rights of the Company; or (ii) at least 100 Shareholders having a right to vote at the AGM and holding, on average, at least £100 of paid up share capital.

13. Submission of hard copy and electronic requests

Where (a) Shareholder(s) wish(es) to request the Company to publish audit concerns (see note 11 above) such request be must be made in accordance with one of the following ways: (i) a hard copy request which is signed by the Shareholder(s), states their full name(s) and address(es) and is sent to the Company Secretary, PATAC Limited, 21 Walker Street, Edinburgh EH3 7HX; or (ii) a request which states "SIGT - AGM" in the subject line of the e-mail and the full name(s) and address(es) of the Shareholder(s) and is sent to cosec@patplc.co.uk.

14. Questions at the AGM

Under section 319A of the Companies Act 2006, the Company must cause to be answered any question relating to the business being dealt with at the AGM put by a Shareholder attending the AGM unless: (i) answering the question would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (ii) the answer has already been given on the Company's website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

15. Total voting rights

At 7 June 2019, the Company's issued share capital comprised 49,236,361 Ordinary shares, 776,273 of which were held in treasury. Each Ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company at 7 June 2019 was 48,460,088.

16. Disclosure obligations

Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the chairman of the AGM as their proxy will need to ensure that both they and their proxy complies with their respective disclosure obligations under the FCA's Disclosure Guidance and Transparency Rules.

17. Communication

Any electronic address provided either in this notice of AGM or any related documents (including the Form of Proxy) to communicate with the Company may not be used for any purposes other than those expressly stated.

18. Documents on display

Copies of the Directors' letters of appointment will be available for inspection at the place of the AGM from at least 15 minutes prior to the AGM until the end of the AGM.

Corporate Information

Directors

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

Investment Manager or Manager

Seneca Investment Managers Limited
Tenth Floor
Horton House
Exchange Flags
Liverpool L2 3YL

Registered Office

Level 13
Broadgate Tower
20 Primrose Street
London EC2A 2EW
Company Registration Number: 03173591

Alternative Investment Fund Manager, Company Secretary and Administrator

PATAC Limited
21 Walker Street
Edinburgh EH3 7HX

Registrars

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Shareholder helpline **0371 384 2411**
Shareview dealing helpline **0345 603 7037**
Textel/Hard of hearing line **0371 384 2255**
International helpline **+44 121 415 7047**

Lines open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales).

Website **www.senecaim.com**

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 www.senecaim.com

Corporate Broker

Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET

Auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Bankers

The Royal Bank of Scotland PLC
24-25 St Andrew Square
Edinburgh EH2 1AF

Custodian Bankers

J.P. Morgan Chase Bank N.A.
25 Bank Street
Canary Wharf
London E14 5JP

Depositary

J.P. Morgan Europe Limited
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Solicitors

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