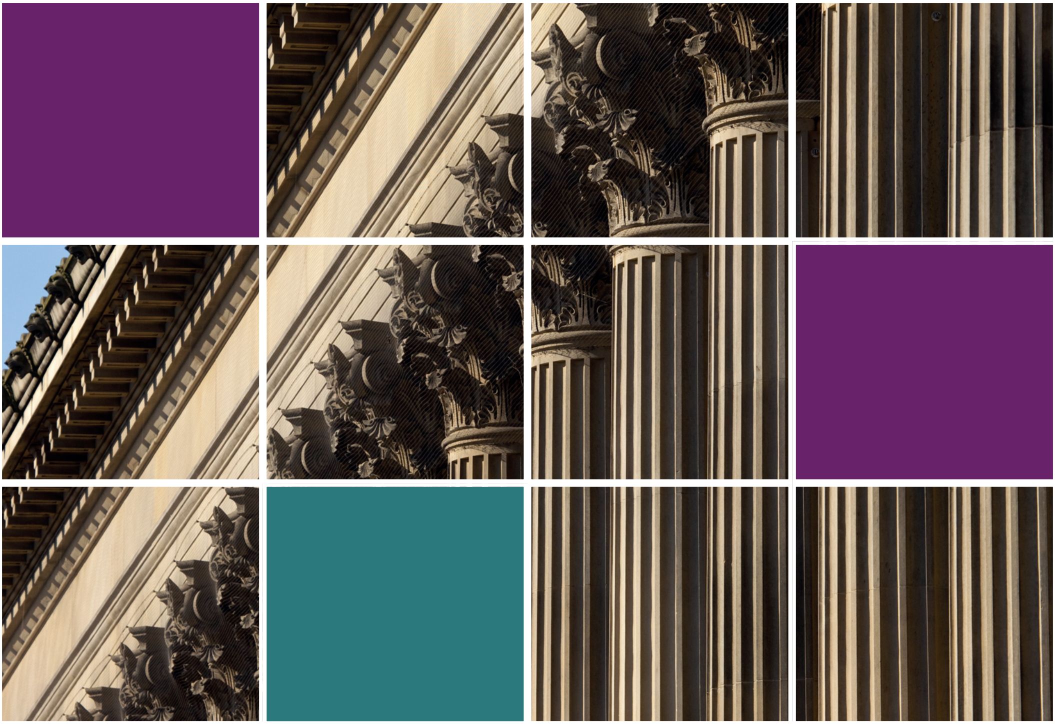


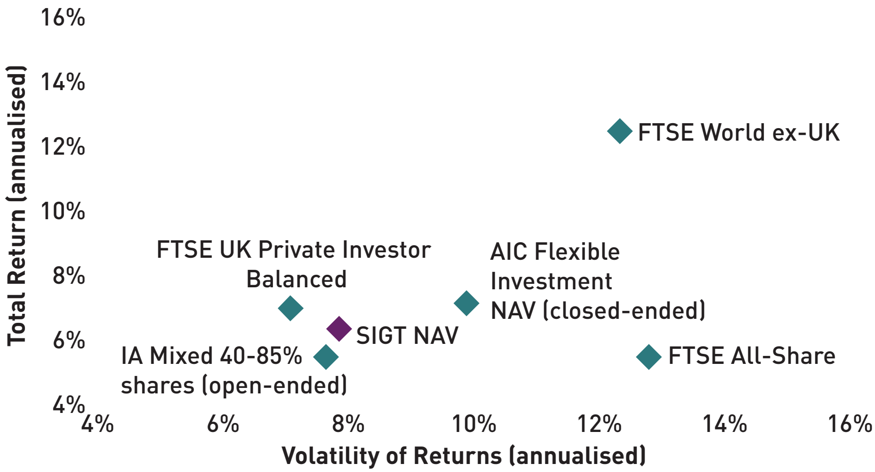
Seneca Global Income & Growth Trust plc

Half-Yearly Financial Report

Six months ended 31 October 2018

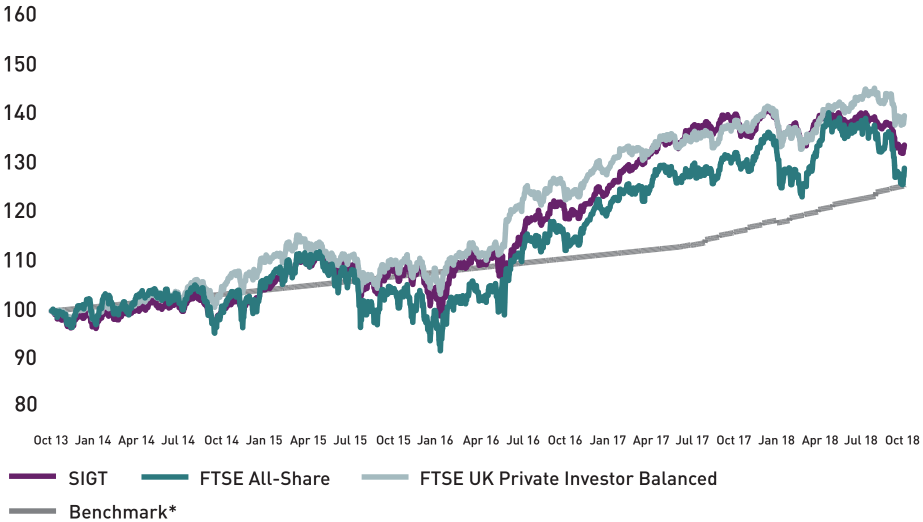
SENECA INVESTMENT MANAGERS | Multi-Asset Value Investing

Chart 1 – Total Return and Volatility Level for the five year period to 31 October 2018



Source: Morningstar

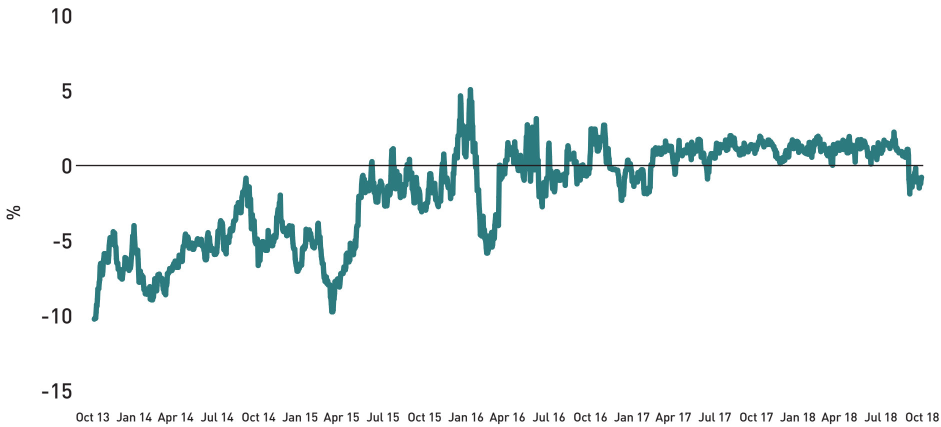
Chart 2 – Cumulative Growth, NAV Total Return, GBP



Source: Bloomberg

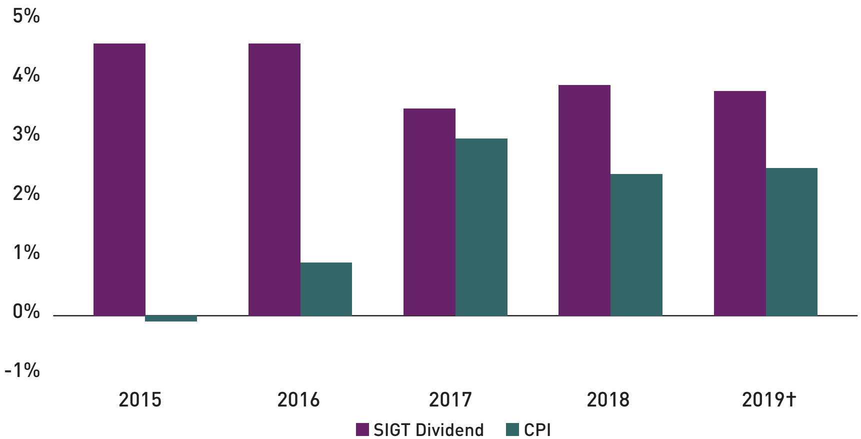
*The benchmark return is calculated using a blended return based on the benchmark of CPI+6%, effective from 7 July 2017 and previously of 3 month LIBOR GBP+3%.

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



Source: Bloomberg

Chart 4 – Dividend Growth* vs CPI



Source: Bloomberg
* Financial Year Dividend
†Derived from the first and second interim dividends for the year ending 30 April 2019 against annualised CPI at 31 October 2018.

Highlights

Performance (total return)	Six months ended 31 October 2018
Share price	-6.0%
Net asset value	-3.6%
Benchmark*	+4.3%

	31 October 2018	30 April 2018	Change
Total assets (£'000)[A]	84,183	89,027	-5.4%
Total equity shareholders' funds (£'000)	77,183	82,027	-5.9%
Share price (mid-market)	161.25p	174.75p	-7.7%
Net asset value per share	162.87p	172.25p	-5.4%
(Discount)/Premium to net asset value	(1.0)%	1.5%	
Dividends per Ordinary Share	3.28p	3.16p	+3.8%

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

Total Returns against comparator indices for periods to 31 October 2018

		Cumulative		
	6 month	1 year	3 year	5 year
SIGT NAV	-3.6%	-4.0%	24.4%	35.4%
SIGT Share Price	-6.0%	-6.4%	26.4%	49.3%
Benchmark*	4.3%	8.5%	18.2%	26.8%
AIC Flexible Investment Sector (NAV, unweighted)	0.6%	1.0%	28.5%	40.4%
FTSE UK Private Investor Balanced	1.3%	1.7%	28.8%	41.6%
FTSE All-Share Index	-3.6%	-1.5%	25.4%	30.4%
FTSE All-World Ex UK Index	4.1%	4.1%	55.7%	78.2%
FTSE Gilts All-Stocks Index	0.3%	1.3%	11.5%	25.3%

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

Chairman's Statement

Highlights for the period

- **Net Asset Value total return -3.6% vs Benchmark +4.3%**
- **Share Price total return -6.0%**
- **Annualised volatility 5.3% compared with 11.0% for the FTSE All-Share Index**
- **Quarterly Dividend increased by 3.8% to 1.64p**
- **Discount Control Mechanism - issuance £2.8m; buy-ins £3.0m**
- **Shares traded very closely around Net Asset Value for the whole period**
- **AGM approved all Resolutions by over 99% majority**

Performance

Seneca Global Income & Growth Trust plc ('SIGT' or 'the Company'), generated a net asset value ('NAV') per share total return of -3.6% for the six months to 31 October 2018. This was inferior to the CPI + 6% annualised Benchmark, which over the six months provided a return of +4.3%, but occasional underperformance over short periods is an inevitable consequence of the volatility of underlying financial markets as well as SIGT's high conviction investment approach. The Board much prefers judging SIGT's performance over longer periods and, for example, over the three years to 31 October 2018, SIGT's NAV per share total return is +24.4% and the Benchmark return is +18.2%. Though even three years is quite a short period. It should be remembered that, strictly speaking, the Benchmark is measured over a 'typical investment cycle', though of course it is important to monitor current form and to keep Shareholders abreast of such. As for the six months under review, SIGT's high conviction positions that detracted included the material exposure to UK mid-caps, which underperformed their larger counterparts, and the zero weight in US equities, which performed well, largely on the back of a small number of technology companies. SIGT's returns are also intended to be achieved with relatively low volatility and the Board is very satisfied with the Company's risk adjusted performance over reasonable time frames.

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

Dividends

The Company paid two interim dividends of 1.64p per share for the period, an increase of 3.8% on the equivalent dividends last year thus achieving SIGT's objective of growing dividends at least in line with inflation. It is the Board's intention, barring unforeseen circumstances, that it will at least maintain the quarterly rate of 1.64p per share for the full year to 30 April 2019.

Discount Control Mechanism ('DCM')

The Company's DCM became fully effective from 1 August 2016, and in the six months under review, it bought-in 1,846,000 shares and issued 1,615,000 shares, for a net bought-in of 231,000 shares. The Board is pleased to have been able to demonstrate its commitment to the DCM by both buying-in and issuing shares. The liquidity and very low discount volatility that the DCM provides is, the Board believes, of real value to Shareholders. Since becoming fully effective, the operation of the DCM has resulted in a net issuance of 7,494,000 shares and as shares issued are done so at a small premium, and bought-in at a small discount, the NAV of the Company has been enhanced by £94,710 after all applicable costs.

Gearing

SIGT has available to it a debt facility of £14m of which £7m was drawn down during the period. The actual average net gearing level for the period was 2.4% as some of the drawn facility was held in cash, or similar, reflecting the Manager's caution and also to allow virtually instant access to funds should the need arise. The undrawn element of the facility is in place largely to assist with the operation of the DCM, enabling gearing levels to be maintained as the DCM results in the issuance of new shares, and/or providing short term working capital, if necessary, when shares are bought-in.

Investment Manager

The Manager's investment team comprises five fund managers, all of whom contribute to the management of the Company, led by Peter Elston. In April, the Manager recruited Gary Moglione and, recently, he has taken joint responsibility for portfolio oversight with Peter. Gary has nearly twenty years' investment experience, much of it involving multi-asset mandates and is an excellent, experienced addition to the team.

Annual General Meeting ('AGM')

At the AGM held on 13 July, Shareholders approved all the Resolutions, each by a majority of over 99%, including those that help with the effective management of the DCM specifically allowing the Company to issue shares equivalent to 30% of its equity and to buy-in up to 14.99%. Shareholders also approved the removal of the requirement to propose the Company's continuation on an annual basis.

The Packaged Retail and Insurance-based Investment Products Regulation ('PRIIPs')

All investment trusts were impacted by the PRIIPs regulation that came into force on 1 January 2018. It introduced a new disclosure document known as a Key Information Document ('KID') that must be prepared and made available to retail investors before they invest. The purpose of the KID is to enable retail investors to compare different products across a common standard. The regulation sets down rules on the format and content of the KID and its provision to retail investors. There has been widely reported concern about these KIDs, not least that expressed by the Association of Investment Companies (the 'AIC') in their publication of September entitled 'Burn before reading'. As Chairman, I have written to the Financial Conduct Authority (the 'FCA') strongly supporting the AIC's views and emphasizing a number of points. The Board hopes the relevant regulators will heed the industry's concerns but meantime, will continue to ensure SIGT's KID complies with the PRIIPs regulation. Indeed, a recent update of the KID has been made available as required.

Post Period End Event

On 27 November 2018, AJ Bell plc announced a price range for its planned initial public offering, of between £1.54 and £1.66 per share. The equivalent carrying value for the Company's holding in AJ Bell as at 31 October 2018 was £0.865 per share. There can be no certainty that the initial public offering of AJ Bell will proceed and further announcements will be made as appropriate.

Investment Outlook

About a year ago, the Manager began a gradual process of reducing the Company's equity exposure. This caution has proved prescient and helped protect SIGT from the worst of equity markets', particularly recent, weakness. One of the strengths of the Company's Multi-Asset Value Investment policy is that it provides transparent and straight-forward exposure to a range of assets, which together provide lower volatility (i.e. lower risk) returns than equity only portfolios.

Richard Ramsay

Chairman
3 December 2018

Manager's Review

Overview

It was a difficult six months, both for financial markets and for the Company. October lived up to its reputation and saw equity markets fall significantly. Furthermore, the months leading up to October had seen a big rise in government bond yields. The Company had been reducing equities for some time, and by the beginning of October the equity target stood at 52.5% (this compared with 66% back in August 2016). Furthermore, the Company held no developed market government bonds. In other words, the Company should have been nicely positioned.

However, some of the portfolio positioning at a more granular level hindered performance. The main detractor was the large exposure to UK mid-caps, which substantially underperformed their large-cap equivalents over the six months. The Company has a strategic asset allocation to UK equities of 35%, and our approach at Seneca is to focus on mid-caps. These we believe should, over time, outperform large-caps. Furthermore, mid-caps are under-researched, so there is, we think, more scope to find hidden value. There will always be the occasional period in the short term when mid-caps fare poorly in relation to large-caps. The period under review was one of those, and although from a tactical perspective the Company had much less than 35% strategic weight in UK mid-caps, it still suffered.

Moreover, although the Company is a multi-asset fund, strategically it has a 60% allocation to equities. It is not as defensive as some of the other trusts in the AIC Flexible Investment sector, nor is it 'absolute return'. This means it will always, to some degree, be somewhat sensitive to broader markets, particularly the FTSE-All Share index. During the six months under review, the Company's net asset value total return was -3.6%. (Conversely, of course, its more flexible approach to equity allocation may also stand it in better stead to capture the upside of the next investment cycle as this unfolds).

As for the economic backdrop, the six months were characterised by the strength of the US economy. Although leading indicators in many parts of the world had started to fall towards the end of 2017, they kept rising in the US. This may well have been due to tax cuts, which have provided a boost to the economy. Import tariffs may also have increased demand for domestically produced products.

Developments in the US perhaps single-handedly explained most of the movements in financial markets during the period. First, the tax cuts boosted US corporate earnings, which helped US equities to rise, at least up until the end of September. Second, the strength in the economy was deemed, rightly, as being inflationary, so bond yields rose both in the US and elsewhere. Third, the imposition of import tariffs hurt markets around the world, particularly China which was seen to be the main target of the tariffs. Fourth, the rise in the dollar that resulted from economic strength and the expectation of tighter monetary policy was perceived to be negative for emerging markets. Fifth, the oil price rose further, which may well have been due to rising energy demand in the US and falling inventories.

Notable developments outside the US that affected financial markets during the period included budget breaches in Italy, growing concerns in the UK over the prospects of a no-deal Brexit scenario, and Saudi Arabia's increase in oil production, seen as an attempt to regain some goodwill following the appalling murder by its officials of a US-based journalist.

As far as monetary policy was concerned, the US raised its Federal Funds rate twice, from 1.75% to 2% in June, and from 2% to 2.25% in September. The second hike was accompanied by an interesting change in language; the word 'accommodative' was no longer used to describe monetary policy. In the UK, although the Base Rate was not increased in May as many had expected, the Bank of England guided markets to expect an August hike. It duly delivered, with the rate increasing from 0.5% to 0.75%.

Elsewhere, the European Central Bank communicated that it would end its bond buying program by the end of the year. In the meantime, it would reduce its monthly purchases for the final quarter from €30 billion to €15 billion.

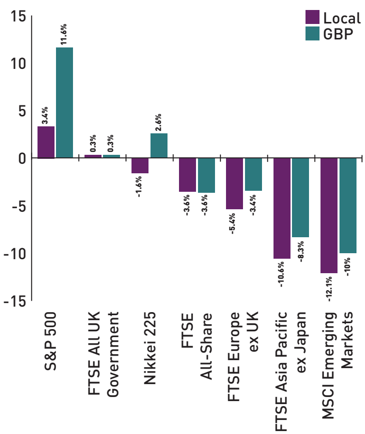
The Bank of Japan, on the other hand, remained silent on when it might wind down its own bond buying policy. Inflation pressures remain weak in Japan, and the central bank may also be aware of the need to keep monetary policy supportive ahead of the increase in the consumption tax expected next autumn.

Generally, inflationary pressures have been rising across the world this year. This is not surprising given that unemployment rates in the developed world are either very low or falling quickly. In emerging countries too, employment conditions are on the whole good. As a result, wages have been accelerating, and central banks have been all too aware of what this might mean for inflation.

Performance

The share price total return over the period was -6.0% with a net asset value total return of -3.6%.

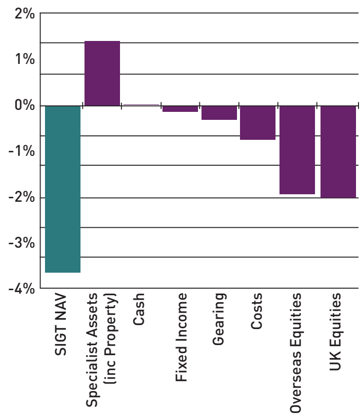
Major financial market total returns for the six month period ended 31 October 2018



Source: Bloomberg – Total returns expressed in sterling

The preceding chart shows the strongly diverse range of returns across major indices. The US market was the clear driver of positive performance and sterling weakening against the dollar enhanced those returns in GBP. Emerging Markets and Asia posted the largest losses which were as a result of escalating trade war tensions. The contrast between US and Emerging Markets returns is discussed in more detail below.

Contribution analysis by asset class for the six month period to 31 October 2018



Source: Seneca Investment Managers/StatPro Revolution

Negative returns were driven primarily by the exposure to equities. From a style perspective this was a very poor period for value and yield. Most equity markets were dominated by growth stocks. The UK equity exposure struggled as the UK market was negative and mid-caps also underperformed large caps. Our exposure to specialist assets was the only positive contributor with infrastructure being the more lucrative sub-sector after some takeover activity boosted valuations.

Contribution analysis by individual holdings in the six month period to 31 October 2018

Top 5 Positive Contributors	Asset Class	Contribution
International Public Partnerships	Infrastructure	0.18%
DP Aircraft I	Infrastructure	0.17%
Partners Group Global Opportunities	Private Equity	0.15%
Britvic	UK Equities	0.15%
Greencoat UK Wind	Infrastructure	0.12%

Bottom 5 Negative Contributors	Asset Class	Contribution
Bovis Homes Group	UK Equities	-0.22%
Insight Equity Income Booster Fund	UK Equities	-0.27%
CIM Dividend Income Fund	Asia Pacific ex Japan	-0.29%
European Assets Trust	Europe ex UK	-0.38%
Arrow Global Group	UK Equities	-0.73%

Source: Seneca Investment Managers/StatPro Revolution

The table above shows the major individual contributors to returns over the period. The key message is that specialist assets provided the positive returns whereas our equity exposure provided the laggards. The main exception to this was Britvic which gained 11.2% (outperforming the FTSE-All Share by over 14%) after revenues beat expectations in H1.

The specialist assets trusts that dominate the positive contributors are mainly in the infrastructure space. After a negative re-rating the funds were strong performers in this period after a bid was made for John Laing Infrastructure Fund. This led to peers, particularly International Public Partnerships, making gains.

Asset allocation

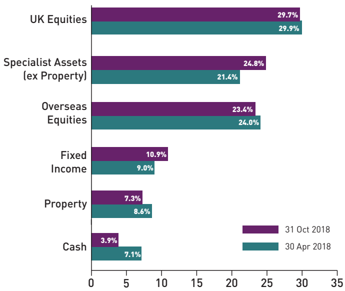
We set out last year a road map for reducing equity risk every two months or so, as we prepare in advance for the next global recession and the equity bear market that will precede it. Three cuts did take place during the period under review, at the end of May, the end of July and the beginning of October.

The first of these saw 1 percentage point come out of Europe ex UK and go into cash, the second 0.5 percentage points out of UK into cash, and the third 0.5 percentage points each out of Europe ex UK and Japan into corporate bonds. The logic of precisely where reductions have taken place is that the UK, Europe and Japan are the next in line, after the US, to raise interest rates (indeed the UK has already hiked rates twice). Our approach has also been informed by our positive long-term views on the Company's UK mid-cap holdings, and our belief that certain areas of allocation, notably Asia Pacific ex Japan and Emerging Markets, have long-term prospects which justify a strategically higher exposure than would otherwise be the case. Of course, there can be periods when the Company's tactical asset allocation is hindered by the short-term behaviour within global equity markets. The period under review has been one of those. Not only have mid-caps in the UK performed poorly, perhaps as a result of fears relating to Brexit, but Asia ex Japan and Emerging Market equities have been particularly impacted by the strong dollar and the threat of an escalating global trade war.

Suffice to say, as of the end of the period, the Company's UK mid-cap companies as well as its holdings in Asia Pacific ex Japan and Emerging Markets now look extremely cheap. To be more precise, as of the end of October, the forward yield of the Company's UK equity portfolio sat at 5.4% while the weighted average forward yield of the Company's funds in the other two mentioned regions was 5.5%. We believe this should provide shareholders with confidence that the medium- and long-term prospects for the Company's portfolio remain promising.

In other asset classes, the Company remains well positioned in specialist assets, which offer high yields, stable income streams and some inflation protection. In other words, they offer features that one is struggling to find in traditional asset classes, namely bonds and equities. Indeed, the Company continues to be zero-weighted in developed market government bonds, which we think remain expensive given their low or negative real yields and the prospects of rising inflation. The areas of the fixed income spectrum that the Company is exposed to include short duration high yield corporate bonds and emerging market debt. Both these we feel offer some immunity from the duration risk that exists within developed markets.

Portfolio asset allocation comparison between 30 April and 31 October 2018



Source: Seneca Investment Managers. All figures are expressed as a percentage of gross assets

UK equities (29.7%)

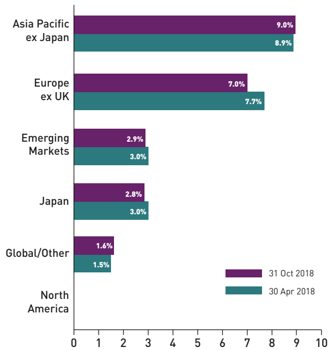
Political risk continues to be high as confidence in a deal being reached in the Brexit negotiations became increasingly volatile. During the period we reduced our UK equity allocation. We sold our entire holding in two positions. The first sale was Victrex which was due to valuation. Victrex is a high quality business with strong growth prospects and a robust balance sheet. The shares had re-rated to the extent that growth above and beyond past experience was needed to justify the prevailing valuation. The shares had returned 93% since first investing in January 2016. We also sold Diploma as the shares had also re-rated significantly since we first invested. The long standing CEO who had overseen this had recently retired thereby introducing an element of risk around executing the group's strategy going forward. The rationale for these two sales clearly demonstrates the recurring theme throughout this report that during this reporting period there was a clear polarisation between quality growth businesses and value stocks.

We increased our allocation to the Insight UK Equity Income Booster Fund. This was to ensure that a sufficiently high level of income is being generated from UK equities, despite less capital being invested.

Overseas equities (23.4%)

As with most major equity indices, it has been the more defensive areas that have performed better during this period. To give some colour to this statement, in Europe the sector performances varied greatly between sectors with Health Care +6.7% and Consumer Staples +3.2% comparing to Financials -12.5% and Consumer Discretionary -13.0%. A similar but less pronounced profile occurred in most other major regions. As the higher yielding stocks are in the more cyclical areas of the market they faced a significant headwind.

Movement in overseas equity allocations over the six month period to 31 October 2018



Source: Seneca Investment Managers. All figures are expressed as a percentage of gross assets.

We maintained our zero percent exposure to North American equities which has been difficult given the strong performance in the region particularly in sterling terms. Following the reduction to the tactical asset allocation weight to Europe ex UK, we sold part of the holding in European Assets Trust.

Additions were made to HMG Global Emerging Markets Equity Fund and BlackRock World Mining Trust, in order to bring holdings up to target weights.

Specialist assets (32.1% including property)

The Company's exposure to specialist assets encompasses the following sectors:

- Property (real estate investment trusts) – focused on UK secondary and niche markets
- Infrastructure – renewable energy, proven social infrastructure and leasing
- Specialist financial – mortgages, global reinsurance, royalties and direct lending to the SME market
- Private equity – A J Bell Holdings and private equity funds

We introduced Hipgnosis Songs Fund via the IPO to the portfolio with a 1% target. The vehicle invests in music royalties, with good returns expected to be generated both from positive industry trends as well as better management of the songs in the portfolio. The Fund has had a successful start since listing, having announced a copyright deal with Terius Nash ("The Dream"), and the shares have moved to a 7% premium to listing price.

After what we felt were excessive concerns building up surrounding the political backdrop in the UK for infrastructure investments, which saw the valuations of a number of listed infrastructure vehicles de-rate, we decided to build up the allocation to this space. The subsequent bid approach, which was duly passed at EGM, for John Laing Infrastructure Fund, has had a positive read across to peers such as the portfolio's holding in International Public Partnerships.

Investments we have exited have been largely due to valuations becoming relatively unattractive compared to other opportunities. For example we exited Custodian REIT which stood on a 'mid-teens' premium to net asset value compared with similarly positioned REITs trading around par.

Fixed Income (14.8% – inclusive of cash)

Following the increase in tactical asset allocation weight to corporate bonds, we added to the existing positions in the short duration high yield funds managed by Royal London.

Within our 'near cash' (managed liquidity) weighting, we introduced the Royal London Cash Plus Fund. The strategy aims to provide an income in excess of those which can be obtained from money market rates. Core positions include certificates of deposit and covered bonds.

Portfolio Income

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

Outlook

We do not think the sharp falls in markets in October are the start of a pronounced bear market. Yield curves in the US and the UK are still positive, albeit close to being flat, and long-term interest rates in the Eurozone and Japan are still very low. These factors suggest that the global economy still has scope to grow for the next year or two, and thus are not the sort of conditions one sees at the beginning of a bear market.

That said, employment conditions are now getting quite tight across the developed world and are putting upward pressure on wages and inflation. Trade tariffs and a rising oil price are also causing inflation pressures to build. Thus, it is very likely in the months ahead that central banks in the UK and US will continue to raise interest rates while those in Europe and Japan will end their bond buying programs. This will only serve to reduce further the attractiveness of equities and other so-called risky assets.

While the next recession and thus the next bear market are not yet within sight, they are getting closer. In this environment, market volatility is likely to continue, even if the overall trend in markets remains positive.

As for bonds, it is possible that the next recession will not be accompanied by the usual decline in inflationary pressures. Should the trade war intensify, inflation pressures may rise not fall. In other words, the possibility of a stagflationary environment looms large.

The vulnerability of traditional asset classes in the next few years is only too apparent. We believe the Company, with its substantial exposure to non-traditional asset classes and ability to reduce equity exposure much further, will provide a way for shareholders to navigate what could be a difficult future for financial markets. After all, the last 40 years have been easy ones.

Seneca Investment Managers Limited

3 December 2018

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Income Statement

	Notes	Six months ended 31 October 2018 (unaudited) Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments		–	(4,583)	(4,583)
Income	2	2,285	–	2,285
Investment management fee		(166)	(166)	(332)
Administrative expenses		(254)	–	(254)
Exchange losses		–	(1)	(1)
Profit/(loss) before finance costs and taxation		**1,865**	**(4,750)**	**(2,885)**
Finance costs		(45)	(45)	(90)
Profit/(loss) before taxation		**1,820**	**(4,795)**	**(2,975)**
Taxation		(9)	–	(9)
Profit/(loss) for period/total comprehensive income		**1,811**	**(4,795)**	**(2,984)**
Return per share (pence)	3	**3.74**	**(9.91)**	**(6.17)**

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

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

Six months ended 31 October 2017 (unaudited) Revenue £'000	Capital £'000	Total £'000	Year ended 30 April 2018 (audited) Revenue £'000	Capital £'000	Total £'000
–	3,034	3,034	–	1,246	1,246
1,743	–	1,743	3,816	–	3,816
(149)	(149)	(298)	(312)	(312)	(624)
(222)	–	(222)	(452)	–	(452)
–	(2)	(2)	–	–	–
1,372	**2,883**	**4,255**	**3,052**	**934**	**3,986**
(20)	(20)	(40)	(59)	(59)	(118)
1,352	**2,863**	**4,215**	**2,993**	**875**	**3,868**
(5)	–	(5)	(5)	–	(5)
1,347	**2,863**	**4,210**	**2,988**	**875**	**3,863**
3.24	**6.89**	**10.13**	**6.85**	**2.01**	**8.86**

Balance Sheet

	Notes	As at 31 October 2018 (unaudited) £'000	As at 31 October 2017 (unaudited) £'000	As at 30 April 2018 (audited) £'000
Fixed assets				
Investments at fair value through profit or loss	8	81,930	80,339	82,135
Current assets				
Debtors and prepayments		682	784	584
Cash and short term deposits		1,736	3,634	6,673
		2,418	4,418	7,257
Creditors: amounts falling due within one year				
Bank loan		(7,000)	(7,000)	(7,000)
Other creditors		(165)	(218)	(365)
		(7,165)	(7,218)	(7,365)
Net current liabilities		**(4,747)**	**(2,800)**	**(108)**
Net assets		**77,183**	**77,539**	**82,027**
Capital and reserves				
Called-up share capital		12,309	11,000	11,905
Share premium account		15,290	7,575	12,942
Special reserve		38,766	41,783	41,783
Capital redemption reserve		2,099	2,099	2,099
Capital reserve	5	6,963	13,746	11,758
Revenue reserve		1,756	1,336	1,540
Equity shareholders' funds		**77,183**	**77,539**	**82,027**
Net asset value per share (pence)	6	162.87	176.22	172.25

Statement of Changes in Equity

Six months ended 31 October 2018 (unaudited)

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

Six months ended 31 October 2017 (unaudited)

	Notes	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 April 2017		10,320	3,408	41,783	2,099	10,883	1,287	69,780
Total comprehensive income		–	–	–	–	2,863	1,347	4,210
Dividends paid	4	–	–	–	–	–	(1,298)	(1,298)
Discount control costs		–	(17)	–	–	–	–	(17)
Shares bought back into treasury	7	–	–	(1,693)	–	–	–	(1,693)
Shares issued from treasury	7	–	64	1,693	–	–	–	1,757
New shares issued	7	680	4,120	–	–	–	–	4,800
Balance at 31 October 2017		**11,000**	**7,575**	**41,783**	**2,099**	**13,746**	**1,336**	**77,539**

Year ended 30 April 2018 (audited)

	Notes	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 April 2017		10,320	3,408	41,783	2,099	10,833	1,287	69,780
Total comprehensive income		–	–	–	–	875	2,988	3,863
Dividends paid	4	–	–	–	–	–	(2,735)	(2,735)
Discount control costs		–	(43)	–	–	–	–	(43)
Shares bought back into treasury	7	–	–	(1,693)	–	–	–	(1,693)
Shares issued from treasury	7	–	64	1,693	–	–	–	1,757
New shares issued	7	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**

Cash Flow Statement

	Six months ended 31 October 2018 (unaudited) £'000	Six months ended 31 October 2017 (unaudited) £'000	Year ended 30 April 2018 (audited) £'000
Net return before finance costs and taxation	**(2,885)**	**4,255**	**3,986**
Adjustments for:			
Loss/(gain) on investments	4,583	(3,034)	(1,246)
Exchange movements	1	2	–
Dividend income	(2,285)	(1,743)	(3,816)
Dividends received	2,536	1,897	3,760
Loan interest paid	(83)	(70)	(145)
Tax paid	(9)	(5)	(5)
(Increase)/decrease in other debtors	(4)	2	1
(Decrease)/increase in other creditors	(26)	(5)	23
Net cash inflow from operating activities	**1,828**	**1,299**	**2,558**
Investing activities			
Net cash outflow from financial investment	(4,903)	(4,242)	(7,606)
Net cash outflow from investing activities	**(4,903)**	**(4,242)**	**(7,606)**
Financing activities			
Proceeds of share issues	2,752	4,536	12,808
Cost of shares bought back	(3,018)	–	(1,693)
Equity dividends paid	(1,595)	(1,298)	(2,735)
Net cash (outflow)/inflow from financing activities	**(1,861)**	**3,238**	**8,380**
(Decrease)/increase in cash	(4,936)	295	3,332
Exchange movements	(1)	(2)	–
Opening balance	6,673	3,341	3,341
Closing balance	**1,736**	**3,634**	**6,673**

Notes to the Accounts

1 Accounting policies

Basis of accounting

The half yearly financial statements have been prepared in accordance FRS 104 'Interim Financial Reporting', UK Generally Accepted Accounting Practice (UK GAAP) and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in November 2014). They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The half yearly financial statements have been prepared on a going concern basis and have been prepared using the same accounting policies as the preceding annual financial statements.

2 Income

	Six months ended 31 October 2018 £'000	Six months ended 31 October 2017 £'000	Year ended 30 April 2018 £'000
Income from investments			
UK franked income	1,385	993	2,275
UK unfranked income	603	512	559
Overseas dividends	297	238	982
Total income	**2,285**	**1,743**	**3,816**

3 Return per share

The revenue return of 3.74 pence (31 October 2017 – 3.24 pence; 30 April 2018 – 6.85 pence) per ordinary share is calculated on net revenue on ordinary activities after taxation for the period of £1,811,000 (31 October 2017 – £1,347,000; 30 April 2018 – £2,988,000) and on 48,390,290 (31 October 2017 – 41,561,606; 30 April 2018 – 43,620,786) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The capital loss of 9.91 pence (31 October 2017 – return of 6.89 pence; 30 April 2018 – return of 2.01 pence) per ordinary share is calculated on net capital loss for the period of £4,795,000 (31 October 2017 – return of £2,863,000; 30 April 2018 – return of £875,000) and on 48,390,290 (31 October 2017 – 41,561,606; 30 April 2018 – 43,620,786) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The total loss of 6.17 pence (31 October 2017 – return of 10.13 pence; 30 April 2018 – return of 8.86 pence) per ordinary share is calculated on the total loss for the period of £2,984,000 (31 October 2017 – return of £4,210,000; 30 April 2018 – return of £3,863,000) and on 48,390,290 (31 ctober 2017 – 41,561,606; 30 April 2018 – 43,620,786) ordinary shares being the weighted average number of ordinary shares in issue during the period.

4 Dividends

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

	Six months ended 31 October 2018 £'000	Six months ended 31 October 2017 £'000	Year ended 30 April 2018 £'000
2017 fourth interim dividend - 1.58p	–	640	640
2018 first interim dividend - 1.58p	–	658	658
2018 second interim dividend - 1.58p	–	–	705
2018 third interim dividend - 1.58p	–	–	732
2018 fourth interim dividend - 1.64p	788	–	–
2019 first interim dividend - 1.64p	807	–	–
	1,595	**1,298**	**2,735**

The Company has declared a second interim dividend in respect of the year ending 30 April 2019 of 1.64p (2018 - 1.58p) per ordinary share which will be paid on 21 December 2018 to ordinary shareholders on the register on 30 November 2018.

5 Analysis of capital reserve

The capital reserve reflected in the Balance Sheet at 31 October 2018 includes losses of £1,823,000 (31 October 2017 - gains of £8,865,000; 30 April 2018 - gains of £4,088,000) which relate to the revaluation of investments held at the reporting date.

6 Net asset value per share

	As at 31 October 2018	As at 31 October 2017	As at 30 April 2018
Attributable net assets (£'000)	77,183	77,539	82,027
Number of ordinary shares in issue	47,390,361	44,001,361	47,621,361
Net asset value per ordinary share (p)	162.87	176.22	172.25

7 Called-up share capital

During the period, there were 1,615,000 new Ordinary shares of 25p each issued by the Company for cash proceeds totalling £2,769,000 (31 October 2017 – 2,720,000 new Ordinary shares of 25p each issued by the Company for cash proceeds totalling £4,800,000; 30 April 2018 – 6,340,000 new Ordinary shares of 25p each issued for cash proceeds of £11,098,000).

During the period, the Company repurchased 1,846,000 Ordinary shares at a cost of £3,017,000 which were held in treasury (31 October 2017 and 30 April 2018 - repurchased 1,000,000 Ordinary shares at a cost of £1,693,000 which were held in treasury). During the period the Company re-issued no shares from treasury (31 October 2017 and 30 April 2018 – 1,000,000 Ordinary shares re-issued from treasury for proceeds totalling £1,757,000). At 31 October 2018 there were 1,846,000 shares held in treasury (31 October 2017 and 30 April 2018 – nil).

At 31 October 2018, there were 47,390,361 Ordinary shares in issue (31 October 2017 – 44,001,361; 30 April 2018 – 47,621,361).

The cost of the operation of the discount control mechanism of £17,000 has been charged against the premium on shares issued.

8 Fair value hierarchy

The Company adopted the amendments to Financial Reporting Standard 102 which 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 measured at fair value in the Balance Sheet are grouped into the fair value hierarchy at 31 October 2018 as follows:

Financial assets at fair value through profit or loss	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted equities (a)	52,857	–	–	52,857
OEICs (a)	25,600	–	568	26,168
Unquoted equities (b)	–	–	2,905	2,905
Net fair value	**78,457**	**–**	**3,473**	**81,930**

(a) Quoted Investments

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

(b) Unquoted 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) of the 2018 Annual Report. The unquoted investment AJ Bell has been valued at the most recent transaction price. This conservative approach means the holding will not be valued above the last transaction price unless the last transaction was a long time ago and market and company performance in the meantime warranted a revision. Even when there has been a transaction, the Manager and Directors will seek first to ascertain if the transaction price fairly reflects the underlying fundamentals of the company and market before using it as the new valuation.

9 Half-Yearly Financial Report

The results for the six months ended 31 October 2017 and six months ended 31 October 2018, which have not been reviewed by the Company's auditors pursuant to the Auditing Practices Board guidance on "Review of Interim Financial Information", constitute non-statutory accounts as defined in Sections 434 - 436 of the Companies Act 2006. The financial information for the year ended 30 April 2018 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 498 (2),(3) or (4) of the Companies Act 2006.

10 This Half-Yearly Report was approved by the Board on 3 December 2018.

Principal Risks and Uncertainties

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

Investment and Strategy Risk:

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

Market Risk:

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

Financial Risk:

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

Earnings and Dividend Risk:

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

Operational Risk:

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

Regulatory Risk:

The breach of regulatory rules could lead to a suspension of the Company’s stock exchange listing or financial penalties. Breach of Sections 1158 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 Listing 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, the Manager 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.

Investment Portfolio

As at 31 October 2018

Company	Sector	Asset class	Valuation £'000	Total Assets %
Royal London Short Duration Global High Yield Bond [B]	Unit Trust & OEICS	Fixed Income	4,748	5.80
CIM Dividend Income Fund [B]	Unit Trust & OEICS	Overseas Equities	3,380	4.13
Insight UK Equity Income Booster Fund [B]	Unit Trust & OEICS	UK Equities	2,957	3.61
AJ Bell [A]	Special & Other Finance	Specialist Assets	2,905	3.54
Goodhart Partners Horizon Fund HMG Global Emerging Markets [B]	Unit Trust & OEICS	Overseas Equities	2,438	2.97
Samarang Asian Prosperity Fund [B]	Unit Trust & OEICS	Overseas Equities	2,367	2.89
Coupland Cardiff Japan Income and Growth Trust	Investment Companies	Overseas Equities	2,317	2.83
International Public Partnerships	Investment Companies	Specialist Assets	2,187	2.67
Invesco Perpetual European Equity Income Fund [B]	Unit Trust & OEICS	Overseas Equities	2,073	2.53
European Assets Trust	Investment Companies	Overseas Equities	1,964	2.40
Top ten investments			**27,336**	**33.37**
Doric Nimrod Air Two	Investment Companies	Specialist Assets	1,950	2.38
Liontrust European Enchanced Income [B]	Unit Trust & OEICS	Overseas Equities	1,896	2.31
Prusik Asian Equity Income [B]	Unit Trust & OEICS	Overseas Equities	1,818	2.22
Fair Oaks Income	Investment Companies	Specialist Assets	1,782	2.18
TwentyFour Select	Investment Companies	Fixed Income	1,765	2.15
Franklin Templeton Emerging Markets Bond [B]	Unit Trust & OEICS	Fixed Income	1,747	2.13
Sequoia Economic Infrastructure	Investment Companies	Specialist Assets	1,733	2.12
UK Mortgages	Investment Companies	Specialist Assets	1,595	1.95
RM Secured Direct Lending	Investment Companies	Specialist Assets	1,580	1.93
DP Aircraft I	Investment Companies	Specialist Assets	1,482	1.81
Top twenty investments			**44,684**	**54.55**
Funding Circle SME Income Fund	Investment Companies	Specialist Assets	1,436	1.75
The PRS REIT	UK REIT	Property	1,407	1.72
Marston's	Travel & Leisure	UK Equities	1,392	1.70
BlackRock World Mining Trust	Investment Companies	Overseas Equities	1,365	1.67
Dairy Crest	Food Producers	UK Equities	1,311	1.60
BT Group	Fixed Line Telecoms	UK Equities	1,304	1.59
Primary Health Properties	UK REIT	Property	1,269	1.55
Ediston Property Investment Company	UK REIT	Property	1,257	1.53
Royal London Cash Plus Fund [B]	Unit Trust & OEICS	Fixed Income	1,239	1.51
Kier Group	Construction & Materials	UK Equities	1,227	1.50
Top thirty investments			**57,891**	**70.67**

[A] Unquoted: On 27 November 2018, AJ Bell plc announced a price range for its planned initial public offering, of between £1.54 and £1.66 per share. The equivalent carrying value for the Company's holding in AJ Bell as at 31 October 2018 was £0.865 per share. There can be no certainty that the initial public offering of AJ Bell will proceed and further announcements will be made as appropriate.

[B] Open-ended

Company	Sector	Asset class	Valuation £'000	Total Assets %
Marks & Spencer	General Retailers	UK Equities	1,198	1.46
Halfords Group	General Retailers	UK Equities	1,194	1.46
Polypipe Group	Construction & Materials	UK Equities	1,187	1.45
AEW UK REIT	UK REIT	Property	1,181	1.44
OneSavings Bank	General Financial	UK Equities	1,176	1.44
RPC Group	General Industrials	UK Equities	1,144	1.40
John Laing Environmental Assets Group	Investment Companies	Specialist Assets	1,102	1.35
Babcock International	Support Services	UK Equities	1,100	1.34
Hipgnosis Songs Fund	Investment Companies	Specialist Assets	1,081	1.32
Arrow Global Group	General Financial	UK Equities	1,071	1.31
Top forty investments			**69,325**	**84.64**
Essentra	Support Services	UK Equities	1,039	1.27
Phoenix Group Holdings	Life Insurance	UK Equities	1,028	1.25
Ultra Electronic Holdings	Electronic & Electrical Equipment	UK Equities	1,025	1.25
Legal & General	Life Insurance	UK Equities	1,018	1.24
Bovis Homes Group	Household Goods	UK Equities	1,016	1.24
LondonMetric	UK REIT	Property	1,010	1.23
Greencoat UK Wind	Investment Companies	Specialist Assets	996	1.22
Britvic	Beverages	UK Equities	961	1.17
Royal London Sterling Extra Yield Bond [B]	Unit Trust & OEICS	Fixed Income	937	1.14
Senior Engineering	Aerospace & Defence	UK Equities	856	1.04
Top fifty investments			**79,211**	**96.69**
Morgan Advanced Materials	Electronic & Electrical Equipment	UK Equities	814	0.99
National Express	Travel & Leisure	UK Equities	800	0.98
Partners Group Global Opportunities	Unit Trust & OEICS	Specialist Assets	410	0.50
Blue Capital Global Reinsurance	Investment Companies	Specialist Assets	315	0.38
Clinigen Group	Support Services	UK Equities	221	0.27
Other investments			159	0.19
Total investments			**81,930**	**100.00**

With the exception of those companies' shares marked with a specific share class above, all investments are in the ordinary shares of the investee company.

[B] Open-ended

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

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

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

Richard Ramsay
Chairman
3 December 2018

Financial Calendar

21 December 2018	**Payment of second interim dividend for year ending 30 April 2019**
December 2018	**Posting of Half Yearly Financial Report**
March 2019	**Payment of third interim dividend for year ending 30 April 2019**
June 2019	**Payment of fourth interim dividend for year ending 30 April 2019**
June 2019	**Announcement of Annual Results**
June 2019	**Annual Report posted to Shareholders**
July 2019	**Annual General Meeting**

Corporate Information

Directors
Richard A M Ramsay, Chairman
Ian R Davis
James R McCulloch

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

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