



## **Proposed Merger Q&A**

This document is aimed at providing an overview of some of the key matters surrounding the proposed combination of Troy Income & Growth Trust plc ("TIGT") and STS Global Income & Growth Trust plc ("STS"). Please note that shareholders should reference the relevant TIGT and STS Circulars and the STS Prospectus which are available on the relevant websites for full details of the Proposals including a summary of certain risks.

The information in this document summarises some of the key items in the announcements made by TIGT and STS on 23 February 2024. For the full announcements please see links below.

- [TIGT Announcement](#)
- [STS Announcement](#)

**If you are in any doubt about the action you should take you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

### **What has been proposed?**

Further to the announcements on 28 November 2023 the Boards of TIGT and STS have now published the relevant documents in relation to the proposed combination of STS with the assets of TIGT.

The combination, if approved by each company's shareholders, will be implemented through a scheme of reconstruction pursuant to section 110 of the Insolvency Act 1986 (the "Scheme") resulting in the voluntary liquidation of TIGT and the rollover of its assets into STS in exchange for the issue of new shares of STS to holders of TIGT shares, with TIGT shareholders offered the option to elect to receive cash in respect of up to 100% of their holding of TIGT shares (the "Proposals").

### **Who needs to approve the Proposals?**

The Proposals are subject to the approval of TIGT and STS shareholders.

### **What are the expected timings?**

The first general meeting for TIGT will be held at 2.30pm on 13 March 2024 and the second general meeting will be held at 11.00am on 27 March 2024. Both general meetings will be held at the offices of Troy Asset Management, 33 Davies Street, London W1K 4BP.

The general meeting for STS will be held at 3.00pm on 13 March 2024 at the offices of Troy Asset Management, 33 Davies Street, London W1K 4BP.

Subject to shareholder approval, the Scheme will become effective on 27 March 2024.

Shareholders are encouraged to submit their Forms of Proxy ahead of the relevant proxy voting deadline to ensure their votes count.

### **Who will manage the combined company?**

Following implementation of the Proposals, the enlarged STS will continue to be managed, on the same basis as currently, by Troy Asset Management Limited (“Troy”) with James Harries continuing as the lead portfolio manager, supported by Tomasz Boniek and the wider Troy investment team.

### **Who will be on the Board after the combination?**

Following completion of the Proposals it is expected that the STS Board will comprise the current STS Directors and two directors from the current Board of TIGT. It is expected that two current STS directors will retire from the Board at, or immediately or prior to, the next STS AGM, which is expected to be held in June 2024, and they will not stand for re-election. The Chairman of the Board of STS will continue in that role.

### **Will there be a fee reduction?**

For the enlarged STS, Troy has agreed to reduce its annual management fee to 0.55% of shareholders’ funds up to £250m and 0.50% above £250m (currently 0.65% of shareholders’ funds).

Troy will also waive the termination fee payable to it in respect of the termination of the TIGT investment management delegation agreement.

### **Will there be a cost contribution from Troy?**

Troy has agreed to contribute towards the costs of the Proposals an amount equal to the management fees payable to it in respect of the assets transferred to STS under the Scheme for a period of 18 months, subject to a cap of £1.1 million.

### **What is the default position for TIGT shareholders?**

TIGT shareholders will receive new STS shares as the default option if no Election is made under the Scheme.

TIGT shareholders may elect to receive cash in respect of all or part of their holding, with no limit on the number of TIGT shares which can be elected for the cash option. TIGT shareholders electing for the cash option will receive an amount in cash equal to the NAV per TIGT share less 2%, multiplied by the number of TIGT shares elected for the cash option. This is intended to mirror the exit a shareholder might have achieved through TIGT’s discount control mechanism.

Full details of the cash option and how to elect for this option are contained in the TIGT circular which is available on TIGT website at [www.tigtplc.co.uk](http://www.tigtplc.co.uk).

### **How can I vote if I hold my shares through a retail platform (e.g. Hargreaves Lansdown, ii, AJ Bell)?**

Investors who hold their shares through an investment platform or other nominee service are encouraged to contact their investment platform provider or nominee as soon as possible to arrange for votes to be lodged on their behalf.

### **I hold my TIGT shares on an investor platform. How can I make an Election to roll over my TIGT shares into STS shares?**

This is the default option under the Scheme, and therefore no action needs to be taken in relation to an Election. You should, nevertheless, arrange to vote on the Proposals.

### **I hold my TIGT shares on an investor platform. How can I make an Election to receive the Cash option?**

Investors who hold their shares through an investment platform or other nominee service are encouraged to contact their investment platform provider or nominee as soon as possible to arrange for Elections to be lodged on their behalf.

### **What are the benefits of the Proposals for STS shareholders?**

- An increase in scale allowing the enlarged STS to spread its fixed costs over a larger cost base.
- A reduction in management fees to 0.55% of shareholders' funds up to £250m and 0.50% above £250m (currently 0.65% of shareholders' funds).
- A significant cost contribution by Troy, equivalent to an eighteen month fee waiver on the assets transferred from TIGT to STS.
- Cost savings given a material portion of the rollover assets being transferred in specie given there are a number of common holdings between the two companies.

### **What are the benefits for of the Proposals for TIGT shareholders?**

- STS is also an equity income investment trust which targets a growing level of income and steady capital growth over the long term and seeks to limit downside volatility.
- STS provides continued exposure to Troy's investment ethos and process. STS is managed by Troy's global income management team, led by James Harries who has managed global equity portfolios since 2002, following a quality focussed, long-term, conservative investment approach.
- STS has a global approach to achieving its investment objective, providing enhanced opportunities to invest in Troy's highest conviction stocks globally and to diversify sources of income. STS has a similar view to the Company's that the UK is currently an undervalued market, particularly compared to the US market. Shareholders that roll over will continue to benefit from owning companies, in the UK and overseas, with robust international businesses, thereby accessing diversified underlying global revenue streams.

- STS has operated a discount control mechanism since November 2020 which aims to ensure, in normal market conditions, that the shares trade consistently close to their net asset value, providing liquidity for all shareholders.
- The proposed combination will result in reduced overall costs for TIGT shareholders, supported by STS's management fees being reduced following implementation of the Proposals to align with TIGT's existing management fees.
- TIGT shareholders receiving new STS shares will have exposure to a larger investment trust which is expected to have improved marketability.
- Significant cost contribution by Troy equivalent to an eighteen-month fee waiver on the assets transferred from TIGT to STS under the Scheme which is expected to reduce TIGT shareholders' exposure to costs in connection with the Proposals.