

# TROY INCOME & GROWTH TRUST PLC

## Annual Report and Financial Statements for the year ended 30 September 2021

COMPANY REGISTRATION NUMBER: 5C111955

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## FINANCIAL CALENDAR

19 January 2022	Annual General Meeting
21 January 2022	First interim dividend 2021/22 payable
22 April 2022	Second interim dividend 2021/22 payable
May 2022	Interim results announced
May 2022	Interim Report published
22 July 2022	Third interim dividend 2021/22 payable
21 October 2022	Fourth interim dividend 2021/22 payable

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary shares in Troy Income & Growth Trust plc, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

# FINANCIAL HIGHLIGHTS

	2021
Net asset value total return <sup>*</sup>	+10.2%
Share price total return <sup>*</sup>	+9.6%
FTSE All-Share Index total return	+27.9%
Decrease in dividends per share	-29.5%
Dividend yield <sup>**</sup>	2.6%

<sup>\*</sup> Dividends per share as a percentage of share price at 30 September.

<sup>\*\*</sup> Alternative Performance Measure - full details can be found on page 56.

	30 September 2021	30 September 2020	Change
Total investments	£244,514,000	£242,316,000	+0.9%
Shareholders' funds	£248,621,000	£251,686,000	-1.2%
Market capitalisation	£245,035,000	£249,590,000	-1.8%
Net asset value per share	77.72p	72.60p	+7.1%
Share price (mid market)	76.60p	72.00p	+6.4%
(Discount)/premium to NAV <sup>*</sup>	(1.4)%	(0.8)%	
Ongoing charges <sup>*</sup>	0.92%	0.89%	
<b>Dividends and earnings</b>			
Revenue return per share <sup>1</sup>	1.68p	2.11p	-20.4%
Dividends per share <sup>2</sup>	1.96p	2.78p	-29.5%
Revenue reserves <sup>3</sup>	£6,092,000	£6,205,000	

<sup>1</sup> Measures the revenue earnings for the year divided by the weighted average number of Ordinary shares in issue (see Statement of Comprehensive Income).

<sup>2</sup> The figures for dividends per share reflect the years in which they were earned (see note 7 on pages 45 and 46).

<sup>3</sup> The revenue reserve figure does not take account of the fourth interim dividend amounting to £1,565,000 (2020 - fourth interim £2,409,000). The third interim dividend of £1,598,000 was paid from distributable capital reserves (2020 - £2,411,000), all other dividends were paid from revenue.

<sup>\*</sup> Alternative Performance Measure - full details can be found on page 56.

**Net Asset Value per Ordinary share**

At 30 September - pence

**Dividends per Ordinary share**

At 30 September - pence

**Share price per Ordinary share**

At 30 September - pence

# PERFORMANCE

## Total Return (for the periods to 30 September 2021)

	One Year	Three Years	Five Years	Ten Years
Share price	+9.6%	+8.2%	+17.6%	+117.5%
Net asset value per share	+10.2%	+8.8%	+20.1%	+119.7%
FTSE All-Share Index	+27.9%	+9.5%	+29.8%	+119.2%

## Total Return of NAV and Share Price vs FTSE All-Share Index

Ten years to 30 September 2021 (rebased to 100 at 30/09/11)

Source: Refinitiv Datastream

## Share Price Premium/(Discount) to NAV

Ten years to 30 September 2021

Source: Refinitiv Datastream

# CORPORATE SUMMARY

## Investment Objective

The Company's investment objective is to provide Shareholders with an attractive income yield and the prospect of income and capital growth through investing in a portfolio of predominantly UK equities.

## Dividends

Dividends on the Ordinary shares are payable quarterly at the end of January, April, July and October. It is intended that the investment policy of the Company generates an income yield that will permit the Company's dividend to grow over time.

## Discount Control Mechanism

The Company's discount control mechanism aims to ensure that the Ordinary shares trade at close to their underlying net asset value by virtue of buying-in or issuing shares, as appropriate.

## Capital Structure

The Company's issued share capital as at 30 September 2021 consisted of 319,888,987 Ordinary shares of 25p each, with 27,623,000 Ordinary shares held in treasury, and at 15 November 2021 there were 315,902,487 Ordinary shares in issue and 31,609,500 Ordinary shares were held in treasury.

## Continuation Vote

A continuation vote was passed at the AGM on 23 January 2019. As a result of this the Company's next continuation vote will be held at the Company's AGM following the year ending 30 September 2023 and at each fifth AGM thereafter.

## Board of Directors

David Warnock (Chairman)  
Jann Brown  
David Garman  
Brigid Sutcliffe  
Roger White

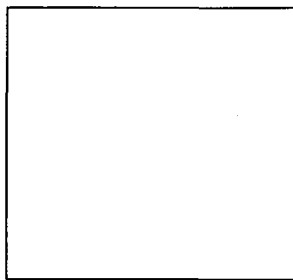
## Manager: Troy Asset Management Limited

Troy Asset Management Limited was appointed as Manager on 1 August 2009 and is an independent fund management company aiming to generate absolute returns for investors over the long term. It manages or advises approximately £14.2 billion of assets including eight open-ended investment funds: the Trojan Fund, the Trojan Ethical Fund, the Trojan Income Fund, the Trojan Ethical Income Fund, the Trojan Global Equity Fund, the Trojan Global Income Fund, the Spectrum Fund and the Electric & General Investment Fund; and three investment trusts: Troy Income & Growth Trust plc, Personal Assets Trust plc and Securities Trust of Scotland plc. Their investors include private individuals, charities, pension funds, trusts and endowments.

## AIFM and Administrator: Juniper Partners Limited

Juniper Partners Limited (previously called PATAC Limited) specialises in providing company secretarial and administration services to listed investment companies. It currently provides services to eight listed investment companies and also acts as Alternative Investment Fund Manager ('AIFM') to four listed investment companies, Troy Income & Growth Trust plc, Personal Assets Trust plc, Momentum Multi-Asset Value Trust plc and Securities Trust of Scotland plc.

# CHAIRMAN'S STATEMENT



David Warnock  
Chairman

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The objective of the Company is to provide an attractive income yield and the prospect of income and capital growth through investing in a portfolio of predominantly UK equities.

## Performance

The Company delivered a Net Asset Value (NAV) total return of +10.2% and share price total return of +9.6% for the year ended 30 September 2021. Over the same period, the FTSE All-Share Index produced a total return of +27.9%. Following the positive vaccine news last November, more economically sensitive areas of the market such as energy, metals & mining, and banks have undergone a sustained period of strong performance. This reflects positive sentiment on economic reopening, along with widespread commodity inflation and expectations of interest rate rises that have dominated markets this year. These conditions have been to the detriment of defensive/quality companies' share prices, which had generally performed strongly in the prior 12 months. Given the Company's overwhelming exposure to the latter category of companies, relative performance has been poor.

It is worth noting that almost all of the relative under-performance took place in the first six months of the financial year. The more recent, second, six-month period was much less difficult, which hopefully gives encouragement of tangible improvement.

The Board remains predominantly interested in long-term performance. Although the impact of this year's relative underperformance is that over three and five years the Company's performance now lags behind the market, over ten years the Company's NAV remains marginally ahead of the FTSE All-Share Index.

A fourth quarterly dividend payment of 0.49p was announced in September. The dividend for the year totalled 1.96p, representing a yield of 2.6% on the year end share price.

## Economic and Stock Market Background

My opening statement last year reflected on the extraordinary uncertainty impacting our lives on a global scale, a state of being that had been firmly in favour of the Company's investment style up to that point. Only a month later, news of viable vaccines broke and markets leapt at the promise of some certainty and a path back to normality. Last November was the best month for the UK equity market in over 30 years.

Much of the past year has remained supportive of this dynamic, including the eventual signing of a Brexit deal in December – a subject that amidst a pandemic had become something of a secondary headline. Since February, we have witnessed widespread commodity inflation and many eyes are now fixed on central bankers and the timescale of interest rate rises. This backdrop has been highly supportive for more economically sensitive parts of the UK market, including commodity-linked businesses such as mining and oil & gas, as well as those highly sensitive to interest rates, such as banks. Given the Company's typical aversion to these areas of the market, it has significantly lagged the wider market.

The Managers provide discussion on performance in their review, as well as detailing portfolio changes. It will not surprise you to hear that their investment process and policy is unwavering. Short-term trends remain carefully weighted against longer term, structural forces in their thinking. Over the course of the year, several holdings have been divested and new ones begun, all with the aim of underpinning sustainable, attractive returns in capital and income for years to come.

The Managers' Review and the Strategic Report both contain details of the Company's perspective on ESG matters. These are serious and topical issues and brief summaries do not do them justice. The Board encourages Shareholders to review the detail contained in this Annual Report.

## Discount Control Mechanism

The Discount Control Mechanism ('DCM'), which has been in place since January 2010, ensures that investors can purchase and sell the Company's shares at a time of their choosing and at a price very close to net asset value. The DCM continues to enhance the NAV per share by consistently issuing shares at a small premium and buying-in shares at a small discount. This is a key differentiating feature of the Company, providing liquidity for both buyers and sellers of the Company's shares and protecting investors from the negative effects of excessive discount volatility. During the year, the Company issued 0.6m shares and bought-in 27.4m shares through the DCM.

## Dividends

As announced in last year's Annual Report, the Board set a new and reduced quarterly dividend rate of 0.49p per share for the year to 30 September 2021, recognising both the structural impact of the pandemic on the UK equity dividend landscape and the portfolio changes made by the Managers. The latter involved prioritising lower yield companies with better dividend growth prospects over higher yielding alternatives. A small number of portfolio companies are yet to recommence dividend payments.

As a result of this disruption to the portfolio's income, the Board decided to pay the third interim dividend from the Company's distributable capital reserve for a second

year, enabling the Company to continue to bridge the revenue deficit. The Board intends, barring unforeseen circumstances, to at least maintain the quarterly dividend rate of 0.49p per share for the year to 30 September 2022.

## Gearing

The Company had a £20 million gearing facility with ING that expired in April 2021. The facility had not been utilised, reflecting the Managers' conservative investment style and the desire to keep the volatility of returns relatively low. The Board and Managers will keep under review the possibility of a new gearing facility but meantime the Company will save the cost of maintaining such a facility.

## Board Changes

Jann Brown will be retiring at the AGM in January after nine years of service as a Director and Chair of the Audit Committee. *The Board would like to convey its sincere thanks to Jann for the significant contribution she has made to the smooth running of the Company and for her excellent leadership of the Audit Committee.*

On 1 August 2021, the Board welcomed Brigid Sutcliffe as a new Director. As can be seen from her biography on page 17, Brigid is a Chartered Accountant with wide and varied experience. She stands for election at the AGM and the Board is very much looking forward to working with her. Brigid will take over from Jann as Chair of the Audit Committee in January and has been working with Jann on this year's Annual Report and audit, to ensure a smooth hand over of responsibilities.

In accordance with the Board's policy of a maximum of twelve years tenure for the Chair, I plan to retire on or before the AGM in January 2023. The recruitment of a new Director and discussions around the replacement of the Chair position are in progress.

## Management Team and Company Secretary Changes

As flagged in the Interim Report, Francis Brooke will be relinquishing his fund management responsibilities on 31 December 2021 to take on a new role as executive Vice-Chairman of Troy Asset Management. Hugo Ure and Blake Hutchins will continue to co-manage the Company after Francis steps back. The Board has been aware and supportive of the succession plans for some time and believes the transition has been well-managed by Troy.

The Board is very grateful to Francis for his strong and consistent stewardship of the Company's portfolio since Troy became Manager in 2009 and wishes him well in his new role.

The Company Secretary had a change of ownership in 2020 and has changed its name from PATAC Limited to Juniper Partners Limited. There has been no change to the team at Juniper Partners and it continues to provide the Company with excellent service, including company

secretarial, administration and discount control services, and to act as the Alternative Investment Fund Manager.

## Annual General Meeting

As at previous AGMs, the Board will again ask Shareholders to approve resolutions it believes are vital to the effective management of the DCM. Specifically, the Board is seeking permission to allow the Company to issue shares on a non pre-emptive basis equivalent to 20% of its equity and to buy-in up to 14.99%. There are 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 10% solely in connection with the DCM; for an aggregate of 20%.

The Board believes this approach to seeking non pre-emption authorities is shareholder friendly. It gives any Shareholder who may be unhappy that the aggregate authority sought is higher than that recommended by corporate governance guidelines the ability to express their concern via the second resolution, whilst still allowing their approval for the first and more conventional resolution dealing with 10% issuance. While the Board appreciates some Shareholders' reticence about non pre-emption authorities, it strongly believes that in the circumstances of the NAV enhancing impact of the DCM's operations, the overall 20% authority sought is in the best interests of Shareholders, and so is continuing to seek such authority at the upcoming AGM.

## Outlook

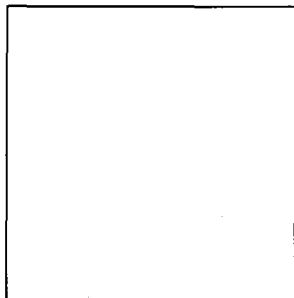
With good reason, the UK market has been more sanguine and certain over the past year. But looking ahead, it remains a noisy and unusual investment backdrop, with many measures and dynamics distorted by the unprecedented events of the past 19 months or so. The interplay of inflation, interest rates, and global debt burdens will play a central role in markets over the coming months, as will the ongoing disequilibrium in supply chains and commodities, especially energy.

It can often seem that an investment process emphasising resilience and lower cyclicity requires a pessimistic outlook. But conversely, the Managers are natural optimists; more than anything they are looking for companies capable of sustainable growth and durable competitive advantage over an indefinite timeframe – something that truly requires a positive perspective. Despite a challenging period for the Company, the Board similarly sees scope for optimism and believes that the investment process and philosophy being pursued by the Managers remains capable of delivering attractive returns through these unusual times and beyond.

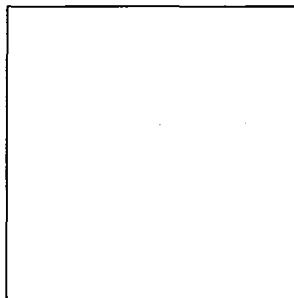
David Warnock  
Chairman

15 November 2021

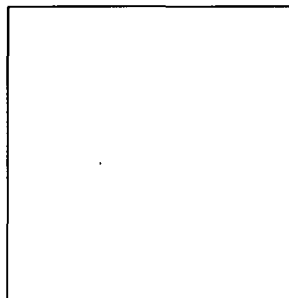
# MANAGERS' REVIEW



Francis Brooke  
Co-Manager



Hugo Ure  
Co-Manager



Blake Hutchins  
Co-Manager

## Investment Background

Over the course of the year, the UK stock market sentiment has swung from one extreme to the other. 2020 witnessed negative WTI oil prices and the BOE stress-testing the UK economy for negative interest rates that ultimately did not materialise. We end the Company's current financial year with oil at \$86 a barrel, inflation expectations rising and Andrew Bailey signalling imminent interest rate hikes. The FTSE All-Share Index is up 27.9% over a year, back within touching distance of historic highs, whilst 10-year UK government bond yields have rallied to over 1% having been barely above 0% a year prior. Economies are re-opening at differing speeds, such is the divergence in vaccination rates across the world. This is causing supply bottlenecks and shortages of various goods and services. Given these distortions, and the base effect of annualising against a year of such muted activity, inflation, as measured by CPI, is currently higher than it has been in almost 10 years.

Given this backdrop, and in direct contrast to much of 2020, markets have firmly favoured more cyclical assets this past year. Energy, and to a lesser extent bank stocks, have led the equity market higher. On the other hand, less economically sensitive stocks have struggled by comparison. Given the defensive-growth bias of the portfolio, the rebound in sentiment has left the Company significantly lagging the return of the UK market. The extent to which current distortions prove structural rather than cyclical remains to be seen and will be crucial in determining the shape of future returns. In spite of short-term inflationary pressures, the bond market remains relatively sanguine to date. Nominal bond yields remain low, and in most cases negative in real terms, with curves relatively flat all along the 30-year maturity scale in both the UK and the US.

Moving on from the current economic backdrop, two fundamental societal shifts continue to grow in importance; technological advancement and

environmental risks. Both trends have material implications for future value creation and will lead to the disruption of old industries and the formation of new ones. The Managers are hugely cognisant of remaining on the right side of these powerful trends.

## Performance

The Company delivered a Net Asset Value (NAV) total return of 10.2% and a share price total return of 9.6% over the year. This compares with the FTSE All-Share Index return of 27.9%. The difference between the share price and NAV performances generated by the Company represents a move from a 0.8% discount to a 1.4% discount. This performance places the Company 22nd out of its 22-strong AIC UK equity income peer group when ranked by NAV performance and 21st by share price.

On an absolute basis, Consumer Discretionary was the largest positive contributor, with the share prices of WH Smith, Compass, and Next rising strongly in the wake of vaccine news and the subsequent rebound in economic activity. Several Financials holdings benefitted similarly from the rapid shift in sentiment, with both St James's Place and American Express rising >60% over the period. Large, quality, technology-focussed companies such as RELX and Paychex, who potentially face enhanced demand in a post-pandemic world, have also contributed strongly. In aggregate, Consumer Staples had a modest negative impact on performance, however, there were divergent fortunes within the sector; Diageo was the single largest positive contributor to the portfolio, rising 39% as the market anticipated a return in recreational activity and thus alcohol demand. Meanwhile Unilever and Reckitt were the largest drags on performance. The rapid shift in performance for Reckitt is particularly notable; earlier in the pandemic it had been among the 'COVID winners' with its disinfectant brands, but vaccine news reversed sentiment rapidly. The company has also suffered from a very mild flu season in the face of global lockdowns, greatly reducing demand for their cold and flu remedies.



Despite generating a c.10% return over the year, the portfolio significantly lagged the market over the 12-month period. On a relative basis (compared to the FTSE All-Share), the largest detractors by sector were the Company's differing Financials exposure, overweight position in Consumer Staples, and differing Industrials exposure. As noted, the dominant theme was a lack of exposure to companies most dependent on the economic cycle. The UK market is for instance heavily exposed to large mining, energy and resource stocks. Companies in these industries account for c.25% of the FTSE All-Share's total market cap. The Managers do not typically invest in these sectors, preferring less cyclical and capital-intensive companies. As such, the portfolio has generally struggled to match the returns of the market in periods in which stocks in these sectors strongly outperform. The past year perfectly reflects one such period.

## Portfolio changes

Last year we wrote that the pandemic had sharpened our focus on quality and sustainability of returns, with a desire to invest only where we had high confidence the companies could grow for many years while maintaining competitive advantage. The extent of portfolio change over the past 12 months has been less than last year, with turnover of 13%. We believe all changes have enhanced the prospective capital and income returns of the Company.

There were five new additions during the year.

We continue to believe the UK industrial sector is home to several world-class businesses. In the first half of the year we initiated a position in Diploma, a distributor of numerous relatively low-cost but vital items such as rubber seals and gaskets to a huge range of industrial and some medical markets. A focus on niche end-markets, and value-add activities such as technical advice and the manufacturing of custom parts/kits, leads the company to consistently earn attractive margins, well above the typical profile for a distribution business. And by selling cheap but crucial products, Diploma has much lower cyclicality than many of its underlying industrial customers. We believe the growth opportunity for Diploma is enormous, and the company comfortably generates the excess cash to both reinvest and fund a growing dividend.

There was one new addition to the portfolio's overseas holdings: CME Group, the US-listed derivatives exchange. CME is the world's leading futures exchange, as reflected in their ownership of the five most liquid futures contracts globally, such as those for trading the S&P 500, US 10-Year Treasuries, or WTI crude oil. Trading volume is the key driver of growth, and this is supported by improving economic activity, the potential for increased interest rate volatility, and the longer-term structural trend towards exchange-traded derivative contracts. Exchanges are capital-light businesses, and CME comfortably funds a

dividend. As well as being a worthy income growth stock, CME's sensitivity to market volatility and interest rates provides a differentiated growth driver to the portfolio.

The Company also initiated a holding in Admiral, the UK motor insurer. Admiral is a name well-known to most British consumers. In a competitive, commoditised market Admiral has carved true competitive advantage, with superior underwriting and operations giving rise to leading scale and cost advantages, resulting in an estimated >20% share of the UK consumer motor market. Admiral's uniquely strong position gives rise to returns on its capital far in excess of the rest of the industry. We part-funded the purchase through a reduction in Lancashire Holdings, reflecting our relative attraction towards Admiral's prospects and competitive advantages.

The Company has longstanding holdings in Real Estate Investment Trusts (REITs). Recognising the divergent fortunes within the sector, we have always been highly selective in the choice of property exposure. In the period we began an investment in Big Yellow Group, the self-storage company, believing the subsector boasts a number of attractive characteristics. Alongside strong structural growth drivers around ecommerce and other social behaviours, the industry benefits from a very attractive relationship between relatively high rents per square foot and very modest maintenance capex requirements. Meanwhile limited space availability in large urban centres and growing demand supports positive like-for-like rental growth for the dominant incumbents like Big Yellow. The purchase was partially funded by the sale of Secure Income REIT, with the switch indicative of our stronger conviction in the self-storage space.

We also initiated a holding in AVEVA, the industrial software company, in the final month of the reporting period.

In addition to the sale of Secure Income REIT noted above, five further companies were exited over the period.

We completed the sale of two consumer product companies – AB Foods and Imperial Brands – following reductions last year. Consumer products have always featured heavily in the Company, with the enduring nature of strong brands an attractive quality. But evolution is still necessary, and we recognise that the best brands and categories for investment can change over time. These sales have funded additions elsewhere, including Diageo and InterContinental Hotels, whose products and brands we believe to be superior and facing far rosier long-term growth prospects.

The Company exited Equiniti Group following a successful takeover bid from private equity, and SSE, where our long-term conviction had waned. Finally, we exited the online derivatives trading company IG Group. On the back of strong trading and share price performance,

# MANAGERS' REVIEW

the company's management team made a move to acquire 'tastytrade', a US options brokerage platform aimed at retail investors. On analysis, we found this large deal to be too high risk and the asset of insufficient quality to justify the heady price offered. We took the opportunity to lock in gains made over recent years.

## Income

There are two factors that have dampened the Company's income in this year; i) annualisation of changes that were made to the portfolio in 2020 that prioritised lower yielding, dividend growers over higher yielding alternatives, and ii) a handful of companies impacted by the pandemic lockdowns have yet to return to paying dividends. Both factors are gradually receding; many of the portfolio changes have now been in place for 12 months and more companies are restarting dividends, leaving only three holdings still with suspensions. Longer term, the free cash flow and dividend growth embedded within the individual holdings bodes well for the potential income growth of the Company itself.

## Responsible Investment

We at Troy have always prioritised the avoidance of permanent capital loss, investing for the long term and emphasising quality within our investment process. It has become increasingly clear to us that companies that do not prioritise a strong corporate governance culture and which are not proactively managing their social impact and environmental footprint, will suffer from greater regulation combined with declining support from customers and shareholders. This is why we integrate the fundamental analysis of ESG factors and stewardship within our investment process. ESG research and our stewardship activity is conducted by members of the investment team. At Troy, we consider ESG risks and opportunities in the context of the wider investment thesis and therefore believe that the investment team is best placed to conduct this research and integrate it into decisions related to the construction of the Company's portfolio. Troy has been a signatory to the United Nations' Principles for Responsible Investment since 2016 and has scored "A+" in the most recent assessment for Listed Equity - Incorporation and "A" for Listed Equity - Active Ownership. Troy's Chief Investment Officer in conjunction with our Head of Responsible Investment are responsible for the development and integration of the Responsible Investment & Stewardship Policy, further details of which can be found in the Strategic Report on pages 13 and 14.

## Investment Outlook

The short-term economic outlook is particularly challenging to read, such is the distorted nature of the global economy as it re-emerges from the pandemic. Whilst a more persistent inflationary backdrop cannot be ruled out, there is also a reasonable likelihood that once supply shocks are worked through, inflationary pressures will settle. We are wary about over-extrapolating current data too far into the future.

The coming year could well see the few companies in the portfolio that still have suspended dividends resume payouts. We continue to favour companies capable of sustainable dividend growth over those with high yields. We are confident that this will in time translate to resilient, real dividend growth for share owners of the Company.

Returns over the past year have been disappointing, particularly relative to the highly charged returns achieved elsewhere. However, as Troy, we have been here before. Our investment style tends to lag highly buoyant markets but has better preserved capital and income in more challenging conditions. Given the sharp repricing of risk assets, with recent UK stock market returns concentrated in the most cyclical sectors, we think it is reasonable to expect a broadening of returns going forward, which should be to the Company's benefit.

There are plenty of challenges that companies will face over the medium term, including growth and inflation uncertainties, technological disruption and environmental risks. We favour businesses that will be resilient through the market cycle; able to cope with inflationary spikes or deflationary dips and ultimately grow in a competitive environment. We invest for the long-term in companies capable of real cashflow and dividend growth. We avoid companies with leverage, high cyclicity and heavy capital intensity. We align ourselves to winning businesses with strong management teams. And we pay prices that are reasonable and commensurate for the quality and growth that a business offers. We are confident that the portfolio companies held by the Company will be more valuable in the future and are well placed to deliver resilient dividend growth.

Troy Asset Management Limited

15 November 2021

# INVESTMENT PORTFOLIO

As at 30 September 2021

	Valuation £'000	Total portfolio %
Diageo	15,419	6.3
RELX	13,538	5.5
Experian	13,004	5.3
Unilever	12,317	5.0
Reckitt Benckiser Group	11,216	4.6
Paychex	9,380	3.8
Croda International	9,356	3.8
Astrazeneca	8,742	3.6
Nestle	7,936	3.3
GlaxoSmithKline	7,720	3.2
<b>Ten largest investments</b>	<b>108,628</b>	<b>44.4</b>
Compass Group	6,950	2.8
Londonmetric Property	6,387	2.6
Domino's Pizza Group	6,105	2.5
Next	5,815	2.4
Procter & Gamble	5,704	2.3
National Grid	5,652	2.3
Medtronic	5,595	2.3
Victrex	5,257	2.2
St. James's Place	5,052	2.1
Intertek Group	4,962	2.0
<b>Twenty largest investments</b>	<b>166,107</b>	<b>67.9</b>
CME Group	4,645	1.9
Schroders (Non voting)	4,630	1.9
Diploma	4,318	1.8
American Express	4,258	1.7
British American Tobacco	3,956	1.6
Fevertree Drinks	3,907	1.6
Primary Health Properties	3,714	1.5
Intercontinental Hotels Group	3,691	1.5
Hiscox	3,659	1.5
VISA	3,608	1.5
<b>Thirty largest investments</b>	<b>206,493</b>	<b>84.4</b>

# INVESTMENT PORTFOLIO

	Valuation £'000	Total portfolio %
Assura	3,247	1.3
Integrafin Holdings	3,185	1.3
Hargreaves Lansdown	3,179	1.3
AJ Bell	3,149	1.3
WH Smith	2,998	1.2
Lancashire Holdings	2,986	1.2
Admiral Group	2,912	1.2
Big Yellow Group	2,903	1.2
International Public Partners	2,588	1.1
Sabre Insurance	2,402	1.0
<b>Forty largest investments</b>	<b>236,042</b>	<b>96.5</b>
Moneysupermarket.com	2,289	0.9
3i Infrastructure	2,200	0.9
Halma	2,128	0.9
AVEVA Group	1,855	0.8
<b>Total investments at fair value</b>	<b>244,514</b>	<b>100.0</b>

# DISTRIBUTION OF ASSETS AND LIABILITIES

As at 30 September 2021

	Valuation at 30 September 2020		Purchases	Sales	Appreciation/ (depreciation)	Valuation at 30 September 2021	
	£'000	%	£'000	£'000	£'000	£'000	%
Listed investments							
Ordinary shares	242,316	96.3	31,274	(48,684)	19,608	244,514	98.4
Current assets	9,891	3.9				5,081	2.0
Current liabilities	(521)	(0.2)				(974)	(0.4)
Net assets	251,686	100.0				248,621	100.0
Net asset value per share	72.60p					77.72p	

## Analysis of Listed Equity Portfolio

## Weightings Relative to the FTSE All-Share Index

# STRATEGIC REPORT

## Introduction

This report provides information about the Company's business and how the Directors promote the success of the Company. This report should be read in conjunction with the Financial Highlights on page 1, the Chairman's Statement on pages 4 to 5 and the Managers' Review on pages 6 to 8, which give a detailed review of investment activities for the year and the outlook for the future.

## Strategy and Investment Objective

As noted in the Chairman's Statement, the Company's objective is to provide an attractive income yield and the prospect of income and capital growth through investing in a portfolio of predominantly UK equities.

## Business Model

The Company carries on business as an investment trust. Investment trusts are collective investment vehicles, constituted as closed-ended public limited companies.

The Company is managed by a Board of Non-Executive Directors who are responsible for the overall stewardship of the Company, including investment objectives and strategy, investment policy, gearing, dividends, corporate governance procedures and risk management. Biographies of the Directors can be found on page 17.

The management of the investment portfolio has been contractually delegated to the Manager, Troy Asset Management Limited ('Troy' or the 'Manager'), who follow the investment objective and policy in implementing that mandate. Further details of the Company's management arrangements are provided in the Directors' Report on pages 18 to 19.

## Investment Policy

Equities are selected for their inclusion within the portfolio solely on the basis of the strength of the investment case with the focus being on long-term income growth along with capital preservation.

Asset classes other than equities will be purchased from time to time, will vary as opportunities are identified and will include convertibles, preference shares, fixed income securities and corporate bonds. Investments will be made when prospective risk-adjusted returns appear to be superior to those from equity markets or are considered likely to exceed the Company's cost of capital including any borrowing costs. However, non-equity securities will not constitute the majority of the portfolio. The Company may also use derivatives for the purpose of efficient portfolio management, including reducing, transferring or eliminating investment risk in its investments and protection against currency risk, to exploit an investment opportunity and to achieve an overall return.

There are no pre-defined maximum or minimum exposure levels for asset classes but these exposures are reported to, and monitored by, the Board in order to ensure that adequate diversification is achieved. The Company is permitted to hold up to 20% of gross assets in non-UK investments.

The Company does from time to time invest in other UK listed investment companies but the Company will not invest more than 15% of gross assets in other listed investment companies.

The portfolio will be relatively concentrated and the number of individual holdings in equities and funds will vary over time but, in order to diversify risk, will typically be between 30 and 50. The Board monitors the aggregate exposure to any one equity across the whole investment portfolio.

While there is a comparative index (the FTSE All-Share Index) for the purpose of measuring performance over material periods, no attention is paid to the composition of this index when constructing the portfolio and the composition of the portfolio is likely to vary substantially from that of the index.

The Company may utilise gearing in a tactical and flexible manner to enhance returns to Shareholders. As an investment trust, the Company is able to borrow money and does so when the Board and the Manager have sufficient conviction that the assets funded by borrowed monies will generate a return in excess of the cost of borrowing. Such gearing may be in the form of bank borrowings or through derivative instruments which provide a geared exposure to equity markets. Gearing levels are discussed by the Board and the Manager at every Board meeting and monitored between meetings and adjusted accordingly with regard to the outlook. No gearing was in place at the year end. However, the Board currently intends that if it did decide to utilise gearing the aggregate borrowings of the Company will be up to 15% of net assets immediately following drawdown, with a maximum level of aggregate borrowings of 25% of net assets immediately following drawdown. The Board will, however, retain flexibility to increase or decrease the level of the Company's gearing to take account of changing market circumstances and in pursuit of the Company's investment policy.

## Investment Strategy

To facilitate the achievement of the Company's objective the day-to-day management of the Company's assets has been delegated to the Manager. Troy is an independent fund management company aiming to generate absolute returns for investors over the longer term. Troy seeks to preserve and build investors' wealth by constructing conservative portfolios for the long term which demonstrate lower than average volatility.

Although not part of the investment policy the following guidelines have been adopted by the Company in seeking to achieve its objective:

- It is intended that the Company will generally remain fully invested but the Company will retain the ability to hold cash or cash equivalents from time to time. Troy's commitment to capital preservation means that the level of cash held in portfolios which it manages has always been an active investment decision.
- Various guidelines to limit the portfolio exposure have been set by the Board in conjunction with the Manager. These (which may be varied only with the permission of the Board) include:
  - equity portfolio to comprise between 30 and 50 individual holdings;
  - overseas investments not to exceed 20% of gross assets;
  - no more than 10% of gross assets in any individual stock;
  - no more than 3% of gross assets in any one mid or small cap stock;
  - no more than 30% of gross assets in any one GICS industry sector; and
  - individual stocks representing 5% or more of gross assets when aggregated not to exceed 40% of gross assets.
- The Company's discount policy is to ensure that the Ordinary shares trade at close to net asset value through a combination of share buy-backs, at a discount to net asset value where supply exceeds demand, and share issues, at a premium to net asset value where demand exceeds supply. Further details of the operation of this policy are contained in the Directors' Report on page 20.
- Responsible investment is an integral part of the Manager's investment process and is explained in full below.

## Responsible Investment

The Board and Manager view Responsible Investment as the fundamental integration of material Environment, Social and Governance ('ESG') factors into investment analysis, decision making and portfolio construction, and into stewardship activities, including voting and engagement, in order to improve the risk and return profile of the portfolio. The Company's long investment horizon means that social and environmental materiality and financial materiality are largely indivisible. As such, the analysis of material ESG risks and opportunities is integrated into the investment process.

## Research Process

The Board and Manager define 'ESG factors' as non-financial, environmental, social or governance factors. Troy carries out an analysis of these ESG factors by considering both the positive and negative effect such factors may have on an investment. Within this framework, Troy analyses 'sustainability risks', being risks relating to an ESG event or condition that, if they occur, could cause an actual or potential material negative impact on the value of an investment.

Troy also considers the materiality of ESG factors in relation to their outward impact on the environment and society. Troy may seek to deliver environmental or social impact where doing so is aligned with improving the risk and return profile of an investment, or is not contrary to that objective. Troy will not seek environmental or social impact at the expense of returns. In all but rare circumstances, long investment time horizons create alignment between an investment's risk and return objectives and any impact objective.

Troy does not seek to narrowly define or limit the factor categories but rather appreciates that such analysis must necessarily take place in the context of the wider assessment of risk and reward. Some, but by no means all, of the areas which will be assessed for the impact of ESG factors are: climate change; natural resources; pollution and waste; environmental opportunities; human capital; product liability; stakeholder opposition; social opportunities; corporate governance; and corporate behaviours.

## Climate Change

In considering ESG matters, the Board and Manager are increasingly focussing on climate-related risks. Climate change is considered to be one of the most significant and complex systemic risks facing our society, economy and financial markets today.

**Time horizon:** The Company aims to invest in stocks that can be held for the long term (five years or more). This time horizon clearly extends into the time frame over which one can reasonably expect the impact of climate change to be felt. As such the management of climate risk is implemented within the investment process.

**Transition risk:** The Manager assesses that the risks associated with a transition to a lower carbon economy fall well within the Company's investment time horizon of more than 5 years. Whilst Troy's investment process favours capital-light investments, and the Company has no material direct exposure to many of the most carbon-intensive sectors, the analysis of transition risk at the individual stock and portfolio level remains an important part of the investment process.

# STRATEGIC REPORT

**Physical risk:** The risks associated with a warming climate, including from rising sea levels, extreme weather and wildfire events, are extremely difficult to model and are risks that impact almost all companies. The understanding of how physical climate risk might impact financial markets and asset prices is in its infancy but Troy continues to develop an understanding of this and applies it to the analysis of companies.

**TCFD:** In recognition of the importance of the influence of climate change on future returns, Troy has committed to implementing the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD).

## **Monitoring of, and Engagement with, Investee Companies**

Whilst the Company seeks to invest in companies whose business strength and corporate governance policies mean they generally do not require significant shareholder intervention, the Manager does recognise that engagement is an important aspect of fiduciary duty. Engagement is generally conducted proactively and as part of an investee company's decision-making process; Troy is also willing to engage reactively where a company has taken a course of action that conflicts with its standpoint. The impetus to engage may stem from a breach by the company of generally accepted business practice norms, Troy's proxy voting process or integrated ESG analysis. Any engagement would be expected to meet the following criteria: there is a clear objective in engaging with a company; the matter for engagement must be material; and the engagement with the company is constructive.

## **Voting**

The Board and Manager consider (proxy) voting an important part of the Company's stewardship activities and investment process and aims to use its rights to both safeguard the interests of investors and encourage environmental and social sustainability (where these objectives are aligned). The Manager will seek to instruct votes, on behalf of the Company, on all resolutions for which it has voting authority.

*Troy conducts analysis of each management or shareholder resolution ahead of voting. Votes are then cast in line with what is deemed to be in the best long-term interest of shareholders. Environmental and social sustainability are considered alongside governance factors in this analysis.*

Whenever possible, voting on any resolution is incorporated as part of the wider engagement with management. Troy's preferred course of action would be to have dialogue with any company ahead of casting a vote against management. Where appropriate Troy may also seek to engage with a company following a vote against management.

## **UN Principles for Responsible Investment**

As part of the Manager's commitment to responsible investing, Troy became a signatory to the United Nations' Principles for Responsible Investment in September 2016.

## **Monitoring Performance – Key Performance Indicators**

At each Board meeting the Directors consider a number of performance indicators to assess the Company's success in achieving its objectives, which include absolute and relative performance compared to market indices and the peer group. The key performance indicators ('KPIs') are established industry measures and are as follows:

- net asset value total return;
- share price total return;
- the premium/discount to net asset value at which the shares trade;
- expenses and the ongoing charges ratio; and
- dividend yield.

Key performance indicators are shown in the financial highlights on page 1, with historic performance data on page 2, and in the alternative performance measures on page 56. These are discussed in the Chairman's Statement on pages 4 and 5 and the Managers' Review on pages 6 to 8.

## **Performance and Future Development**

A review of the business performance, market background, investment activity and portfolio during the year under review, together with the investment outlook, is provided in the Chairman's Statement and the Managers' Review on pages 4 to 8.

Details of the Company's investments can be found on pages 9 and 10 with the distribution of assets and liabilities on page 11.

## **Promoting the Success of the Company**

The Board is required to describe to the Company's Shareholders how the Directors have discharged their duties and responsibilities over the course of the financial year under section 172(1) of the Companies Act 2006. This statement provides an explanation of how the Directors have promoted the success of the Company for the benefit of its members as a whole, taking into account the likely long-term consequences of decisions and the need to foster relationships with all stakeholders.

The Board is focused on promoting the long-term success of the Company and regularly reviews the Company's long-term strategic objectives, including consideration of the impact of the Manager's actions on the marketability and reputation of the Company and the likely impact on the Company's stakeholders of the Company's principal strategies.



The Company's main stakeholders are its Shareholders, Manager and service providers. The Manager also engages with the investee companies where appropriate, particularly on performance and ESG issues.

The Board considers its stakeholders at Board meetings and receives feedback on the Manager's interactions with them.

- **Shareholders** – Shareholders are key stakeholders and the Board places great importance on communication with them. The Board welcomes all Shareholders' views and aims to act fairly between all Shareholders. The Manager and the Company's broker meet regularly with current and prospective Shareholders to discuss the Company and its performance. Shareholder feedback is discussed by the Directors at Board meetings and regular updates are provided to Shareholders through the Annual Report, Interim Report, monthly factsheets, company announcements, including daily net asset value announcements, and the Company's website. The Company's Annual General Meeting and the Manager's annual investment trust seminar provide forums, both formal and informal, for Shareholders to meet and discuss issues with the Directors and Manager.
- **Manager** – The Managers' Review on pages 6 to 8 details the key investment decisions taken during the year. The Manager has continued to manage the Company's assets in accordance with the mandate provided by Shareholders, with the oversight of the Board. The Board reviews regularly the Company's performance against its investment objective and undertakes an annual strategy review to ensure that the Company is positioned well for the future delivery of its objective. The Board receives presentations from the Manager at every Board meeting to help it exercise effective oversight of the Manager and the Company's strategy and, through the Management Engagement Committee, formally reviews the performance of the Manager at least annually.
- **Service providers** – The Board seeks to maintain constructive relationships with the Company's suppliers, either directly or through the Manager, with regular communications and meetings. A key relationship is with Juniper Partners Limited, who provide AIFM, company secretarial and fund administration services, as well as operating the Discount Control Mechanism. The Board conducts an annual review of the performance, terms and conditions of the Company's main service providers to ensure they are performing in line with Board expectations and providing value for money.

The Board is always mindful of its responsibilities to the stakeholders of the Company and this forms part of every Board decision. Specific example of stakeholder considerations during the year were:

- **Management of the Portfolio** – The Managers' Review on pages 6 to 8 details the key investment decisions taken during the year. The overall shape and structure of the investment portfolio is an important factor in delivering the Company's stated investment objective. During the year, the Manager continued with the transition of the portfolio to ensure the sustainability and balance of income and capital returns. The Board believes this will be of long-term benefit to Shareholders. The Board and Manager also continued to develop the Company's approach to responsible investment and full details can be found on pages 13 and 14.
- **Dividends** – As explained in more detail in the Chairman's Statement and Managers' Review, the dividend was re-based at the start of the year to a level that reflects the potential income generating capacity of the underlying portfolio and a base from which the Company will be able to grow its dividend. The Board believes that in order to maximise total return to Shareholders, the income component of the return needs to be both sustainable and able to grow.
- **Discount Control Mechanism ('DCM')** – During the year the Company issued 0.6m Ordinary shares and bought back 27.4m Ordinary shares through the operation of the DCM. The shares were issued at a premium to the NAV and bought back at a discount to NAV, thereby providing a small accretion to the NAV per share. The Board believes the operation of the DCM is very important for Shareholders as it provides liquidity and reduces discount volatility.

## Risk Management

The Directors are responsible for supervising the overall management of the Company, whilst the day-to-day management of the Company's assets has been delegated to the Manager. Portfolio exposure has been limited by the guidelines which are detailed within the Investment Strategy section above.

The Board can confirm that the principal risks of the Company, including those which would threaten its business model, future performance, solvency or liquidity, have been robustly assessed for the year ended 30 September 2021. A description of the principal risks and how they are managed is set out below, with disclosure of financial risk, including liquidity risk, set out in note 15 on pages 50 to 53. The risks have not changed during the course of the year.

# STRATEGIC REPORT

The COVID-19 pandemic continues to increase the risks faced by the Company in both the investment and operational side of the business. Specific mitigation actions in relation to the impact of COVID-19 are addressed in the relevant categories below.

- **Performance risk** – The Board is responsible for deciding the investment strategy to fulfil the Company's objective and monitoring the performance of the Manager. An inappropriate strategy or poor execution of strategy might lead to long-term underperformance against the comparator index and the Company's peer group. To manage this risk the Manager provides an explanation of significant stock selection decisions and the rationale for the composition of the investment portfolio. The Board also receives and reviews regular reports showing an analysis of the Company's performance against the FTSE All-Share Index (total return) and its peer group. The impact of the COVID-19 pandemic on the investment strategy has been kept under regular review by the Board.
- **Market risk** – Market risk arises from uncertainty about the future prices of the Company's investments. The Board monitors and maintains an adequate spread of investments in order to minimise the risks or factors specific to a particular investment or sector, based on the diversification requirements inherent in the Company's investment policy. The guidelines which limit the portfolio exposure are set out in the Investment Strategy on pages 12 and 13. The underlying risks and potential increased volatility associated with the COVID-19 pandemic, and with global political disruptions, are considered within market risk.
- **Resource and operational risk** – Like most other investment trusts, the Company has no employees. The Company therefore relies on services provided by third parties and their control systems. Disruption to, or failure of, systems and controls, including cyber-attacks, at the Company's service providers could result in financial and reputational damage to the Company. The Board reviews the performance of its service providers, their internal controls and their compliance with agreements on a regular basis. The operations of the Company's service providers have been subject to rigorous testing during the COVID-19 pandemic, where increased use of out of office working and online communications have been required. To date the operational arrangements have proven robust.

- **Regulatory risk** – Breach of regulatory rules could lead to the suspension of the Company's London Stock Exchange listing, financial penalties or a qualified audit report. Breach of sections 1158 and 1159 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on capital gains. The Company Secretary monitors the Company's compliance with all relevant regulations and compliance with the principal rules is reviewed by the Directors at each Board meeting.

## Social, Community and Employee Responsibilities

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 environmental, social and governance issues of companies within the portfolio, acknowledging that companies failing to manage these issues adequately run a long-term risk to the sustainability of their businesses. A description of the Company's approach to responsible investment can be found on pages 13 and 14.

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

The Company has no greenhouse gas emissions to report from its operations for the year ended 30 September 2021, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 (including those within the underlying investment portfolio).

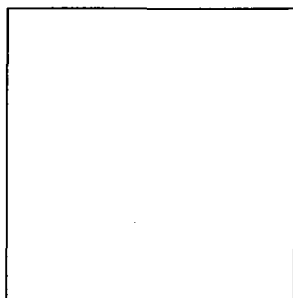
At 30 September 2021 there were three male Directors and two female Directors. The Company has no employees so does not require to report further on gender diversity.

By Order of the Board

Juniper Partners Limited  
Secretary

15 November 2021

## YOUR BOARD



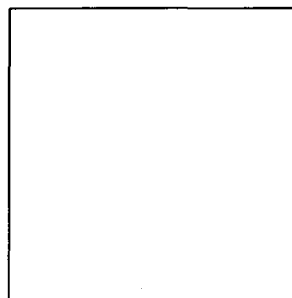
**David Warnock**  
**(Chairman)**

**B.Comm. (Hons),  
C.Dip.A.F.**

David was appointed a Non-Executive Director on 17 November 2010 and became Chairman on 23 January 2014. He

co-founded the investment firm of Aberforth Partners and was a partner for 19 years until his retirement in 2008. David is currently Chairman of BMO Managed Portfolio Trust plc, a Non-Executive Director of ICG Enterprise Trust plc and an active investor in a number of private companies. He has held Non-Executive Directorships of several public and private companies, and before Aberforth was with Ivory & Sime plc and 3i Group plc.

*Fees for year £35,665; beneficial interest 670,272 shares.*

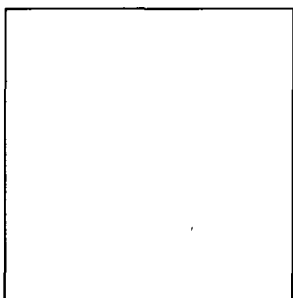


**Jann Brown**  
**M.A. (Hons), C.A.**

Jann was appointed a Non-Executive Director and Chair of the Audit Committee on 18 January 2013. She is currently Managing Director and Chief

Financial Officer of Pharos Energy plc and a Non-Executive Director of RHI Magnesita NV. She is also a Trustee of the ICAS Foundation. She was formerly Chair of the Audit Committee of John Wood Group plc, is a past President of the Institute of Chartered Accountants of Scotland, a former Executive Director of Cairn Energy plc and a former Senior Independent Director of Hansen Transmissions International NV.

*Fees for year £28,550; beneficial interest 87,563 shares.*

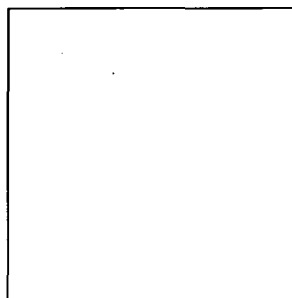


**Roger White**  
**M.A. (Hons)**

Roger was appointed a Non-Executive Director on 29 April 2014 and is Senior Independent Director. He has been Chief Executive of AG Barr plc since 2004, having

joined that company as Managing Director in 2002. Roger previously held a number of senior positions with Rank Hovis McDougall, is a past President of the British Soft Drinks Association (BSDA) and is currently a member of BSDAs Board of Management and Executive Council.

*Fees for year £24,475; beneficial interest 300,000 shares.*

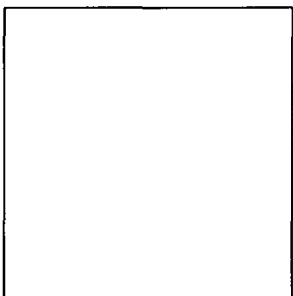


**David Garman**  
**B.A. (Hons), FC.I.T.**

David was appointed a Non-Executive Director on 19 January 2016. He is currently a Non-Executive Director of John Menzies plc and Speedy Hire plc and several private

companies. He was formerly Chief Executive of TDG plc and has also held Non-Executive Directorships of Phoenix IT Group plc, Victoria plc, St Modwen Properties plc, Kewill plc and Carillion plc.

*Fees for year £24,475; beneficial interest 100,000 shares.*



**Brigid Sutcliffe**  
**M.A. (Hons), M.B.A., A.C.A.**

Brigid was appointed a Non-Executive Director on 1 August 2021. After qualifying as a Chartered Accountant in 1983 and gaining an MBA in 1987, Brigid spent thirty years working in investment

banking and as a strategic change management consultant, advising companies across a wide range of sectors. She has been a Non-Executive Director for a variety of organisations in the public, private and third sectors over the past fourteen years and her current directorships include science and technology research, and social housing organisations.

*Fees for year £4,100; beneficial interest 20,000 shares.*

# DIRECTORS' REPORT

## Status of the Company

The Company has received approval from HM Revenue & Customs as an investment trust company under sections 1158 and 1159 of the Corporation Tax Act 2010 and is conducting its affairs so as to enable it to retain such approved status. The Company is incorporated and domiciled in Scotland.

## Results and Dividends

The financial statements for the year ended 30 September 2021 appear on pages 37 to 55. Dividends in respect of the year amounted to 1.96p per share (2020 – 2.78p). The fourth interim dividend of 0.49p per share announced on 16 September 2021 (2020 – fourth interim 0.695p) will be accounted for in the financial year ending on 30 September 2022.

## Share Capital

The issued share capital at 30 September 2021 consisted of 319,888,987 Ordinary shares of 25p each and there were 27,623,000 Ordinary shares held in treasury. As at the date of this report the issued share capital consisted of 315,902,487 Ordinary shares of 25p each and there were 31,609,500 Ordinary shares held in treasury. 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.

## Directors

Details of the current Directors are set out on page 17. All held office throughout the year and up to the date of this report, except for Brigid Sutcliffe who was appointed on 1 August 2021.

The Articles of Association require Directors to offer themselves for re-election at least once every three years. In accordance with best practice, the Board has resolved that all the Directors will retire and offer themselves for re-election on an annual basis. New Directors will offer themselves for election at the Annual General Meeting immediately following their appointment.

Jann Brown will retire at the 2022 Annual General Meeting and will not stand for re-election. Brigid Sutcliffe was appointed as a Director on 1 August 2021 and will offer herself for election at the 2022 Annual General Meeting.

There were no contracts during or at the end of the year in which any Director was materially interested. No Director had a material interest in any investment in which the Company itself had a material interest.

## Directors' and Officers' Liability Insurance and Indemnity Agreements

The Company has and continues to maintain insurance in respect of Directors' and Officers' liabilities in relation

to their acts on behalf of the Company. The Company's Articles of Association provide any Director or other Officer of the Company with a qualifying third-party indemnity provision out of the assets of the Company against any liability incurred by him or her as a Director or other Officer of the Company to the extent permitted by law. This was in force throughout the financial year and at the date of approval of this report. In addition, the Company has entered into individual Director's indemnity agreements with each Director.

## Conflicts of Interest

Each Director has a statutory duty to avoid a situation where he or she has, or could have, a direct or indirect interest which conflicts, or may conflict, with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised by the Board in accordance with the Company's Articles of Association.

The Board has approved a protocol for identifying and dealing with conflicts and conducts a review of actual or possible conflicts at least annually. No conflicts or potential conflicts were identified during the year.

## Substantial Interests

As at 30 September 2021 the Company had received notification of the following interests in the Ordinary share capital of the Company:

Shareholder	Number of shares held	% held
Brewin Dolphin clients	29,019,323	9.1
Schroder Investment Management Limited	19,672,375	6.1
Rathbone Brothers plc clients	14,296,573	4.4

There have been no notifications of changes in interest since 30 September 2021 up to the date of this report.

## Management Arrangements

The Company appointed Juniper Partners Limited (previously called PATAC Limited), as its alternative investment fund manager ('AIFM') on 22 July 2014. With effect from that date, the AIFM delegated the portfolio management activities relating to the Company back to Troy Asset Management Limited ('Troy' or the 'Manager') pursuant to a delegation agreement and Troy continues to provide portfolio management services to the Company. These arrangements are fully compliant with the AIFMD.

The AIFM services are provided to the Company by Juniper for a fee of 0.015% of the Company's net assets per annum, subject to a minimum fee of £60,000 per annum. Troy reduce their investment management fee by an equal amount so that there is no overall change to the basis of the management fee incurred by the Company.

The other terms of the AIFM's appointment are similar to those applying to Troy under the investment management delegation agreement detailed below.

## Investment Management Delegation Agreement

Investment management services have been provided to the Company by Troy since 1 August 2009. The current fee is at an annual rate of 0.65% of the Company's net assets. Full details of the fee charged by Troy in the financial year are set out in note 3 to the financial statements. The Board believes the fee charged by Troy is competitive by comparison with other investment trusts with a similar investment mandate and is priced appropriately given the level of service provided by the Manager.

The contract between the Company, Troy and the AIFM may be terminated by any party on six months' notice. No compensation is payable to the Manager in the event of termination of the contract over and above payment in respect of the required minimum notice.

Following the review by the Management Engagement Committee outlined on page 23, the Board considers the continuing appointment of the Manager to be in the best interests of the Shareholders at this time.

As at 15 November 2021, Francis Brooke, Hugo Ure and Blake Hutchins, held respectively 5,208,424, 400,000 and 100,000 Ordinary shares in the Company.

## Company Secretary

Juniper Partners Limited provides company secretarial, accounting and administration services to the Company. Juniper Partners receives a fee for these services of £100,000 per annum plus an amount equal to 0.1% of the Company's net assets between £50 million and £100 million, 0.03% of the Company's net assets between £100 million and £250 million and 0.02% of the Company's net assets between £250 million up to and including £1,000 million. The fixed fee element of the fee is adjusted annually by the increase in the Consumer Price Index.

## Depository

J.P. Morgan Europe Ltd is the Company's Depository, with responsibilities including cash monitoring, safe keeping of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements. The Depository has delegated the custody function to J.P. Morgan Chase Bank N.A.

## Borrowings

The Company had a £20 million unsecured floating rate revolving credit facility with ING Luxembourg S.A that expired on 24 April 2021. The facility was not utilised in the period up to expiry.

## Corporate Governance

The Statement of Corporate Governance is set out on pages 22 to 25 and forms part of this report.

## Going Concern

The Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. This review included consideration of the Company's investment objective, its principal risks, including those relating to COVID-19 (see pages 15 and 16), the nature and liquidity of the portfolio, current liabilities and expenditure forecasts.

The Company's investments consist mainly of readily realisable securities which can be sold to maintain adequate cash balances to meet expected cash flows. In assessing the Company's ability to meet its liabilities as they fall due, the Directors took into account the uncertain economic outlook caused by the ongoing COVID-19 pandemic and reviewed sensitivities around this. The Directors also considered ongoing investor interest in the continuation of the Company, looking specifically at feedback from meetings and conversations with Shareholders by the Company's advisers, and the operation of the DCM, which the Directors believe enhances the Company's appeal to investors.

Based on their assessment and considerations, the Directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements and the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operation for at least twelve months from the date of this report.

## Viability Statement

The Directors have assessed the viability of the Company over a three-year period from the date that the Annual Report is due to be approved by Shareholders.

The Directors have identified the following factors as potential contributors to ongoing viability:

- The principal risks and uncertainties detailed on pages 15 and 16 and the mitigating controls in place, including the ongoing impact of COVID-19 and the Company's operational resilience.
- The ongoing relevance of the Company's investment objective in the current environment.
- The level of current and historic ongoing charges incurred by the Company as disclosed on page 1.
- The utilisation quantum of the discount control mechanism.
- The level of income generated by the Company.
- The liquidity of the Company's portfolio.

The Company is fully invested in liquid assets, either in listed securities or cash. The nature of these mean that even in a severe market downturn the Company would

# DIRECTORS' REPORT

be able to convert, in a relatively short period of time, the portfolio into cash sufficient to meet the Company's operating costs which run at approximately 1% per annum of net assets. This includes both fixed and variable costs, the largest single element of which is the variable management fee which is based on the net asset value of the Company. In addition, the Company currently has no gearing. Based on these facts the Board have concluded that even in exceptionally stressed operating conditions, the Company would easily be able to meet its ongoing operating costs as they fall due.

The Directors have determined that a three-year period is an appropriate period over which to provide its viability statement. They consider that three years is a reasonable time horizon to assess the continuing viability of the Company and a suitable period over which to measure the performance of the Company. This three-year period remains consistent with the planning horizon used by the Company in managing its activities.

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 2025.

## Independent Auditors

Following a tender process in 2015, PricewaterhouseCoopers LLP were appointed the Company's Auditors in 2016.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information, and to establish that the Company's Auditors are aware of that information.

## Discount Policy

The Company's discount policy is to ensure that the Ordinary shares trade at close to net asset value through a combination of share buy-backs and the issue of new Ordinary shares at a premium to net asset value where demand exceeds supply.

This discount control mechanism is operated by Juniper Partners. The fee for this service is £30,000 per annum plus the lower of (i) a charge of £250 per transaction; and (ii) a commission of 0.1% of the aggregate proceeds of any transaction undertaken in accordance with the discount control mechanism. The fixed fee element of the fee is adjusted annually by the increase in the Consumer Price Index. The fee is charged to the share premium account.

The Directors will continue to seek the renewal of the Company's authority to buy-back Ordinary shares annually and at other times should this prove necessary. From the authority granted at the January 2021 AGM, the Company, at

30 September 2021, had the remaining authority to buy-back 28,195,885 Ordinary shares. Any buy-back of Ordinary shares will be made subject to the Companies Act 2006 and within guidelines established from time to time by the Board and the making and timing of any buy-backs will be at the absolute discretion of the Board. The Directors will be authorised to cancel any Ordinary shares purchased under such authority or to hold them in treasury. Purchases of Ordinary shares will only be made through the market for cash at prices below the prevailing net asset value of the Ordinary shares. Such purchases will also be made only in accordance with the rules of the Financial Conduct Authority which provide that the price to be paid must not be less than the nominal value of an Ordinary share nor more than the higher of (a) 5% above the average of the middle market quotations for the Ordinary shares for the five business days before the purchase is made and (b) the higher of the price of the last independent trade and the highest current independent bid relating to an Ordinary share on the trading venue where the purchase is carried out.

It is the intention of the Directors that the share buy-back authority is used to purchase Ordinary shares if the middle market price for an Ordinary share is below the net asset value per Ordinary share of the Company (taking into account any rights to which the Ordinary shares are trading "ex"). However, nothing in this discount policy will require the Directors to take any steps that would require the Company to make a tender offer for its shares or to publish a prospectus. Notwithstanding this discount policy, there is no guarantee that the Ordinary shares will trade at close to the net asset value per Ordinary share. Shareholders should note that this discount policy could lead to a reduction in the size of the Company over time.

## Annual General Meeting

The notice convening the Annual General Meeting of the Company to be held on 19 January 2022 is given on pages 59 to 62. Among the resolutions being proposed are the following:

### (i) Dividend Policy

As a result of the timing of the payment of the Company's quarterly dividends in January, April, July and October, the Company's Shareholders are unable to approve a final dividend each year. As an alternative the Board will put the Company's dividend policy to Shareholders for approval on an annual basis.

The policy includes a provision that allows distributions to be made from distributable capital reserves. The third interim dividend for the year ended 30 September 2021 was paid from the Company's distributable capital reserve.

Resolution 3, which is an ordinary resolution, relates to the approval of the Company's dividend policy which is as follows:

Dividends on the Ordinary shares are payable quarterly at the end of January, April, July and October. It is intended that the investment policy of the Company generates an income yield that will permit the Company's dividend to grow over time. The Company has the flexibility in accordance with its Articles of Association to make distributions from distributable capital reserves.

**(ii) Directors' Authority to Allot Shares**

Resolution 10, which is an ordinary resolution, will, if approved, give the Directors a general authority to allot new Ordinary shares up to an aggregate nominal value of £26,325,000 representing approximately one third of the total Ordinary share capital of the Company in issue (excluding treasury shares) as at the date of this document.

In line with corporate governance guidelines, resolution 11, which is a special resolution, will, if approved, authorise the Directors to allot new Ordinary shares, or resell Ordinary shares held in treasury, up to an aggregate nominal amount of £7,897,000, representing approximately 10% of the total Ordinary share capital of the Company in issue (including treasury shares) as at the date of this document. Resolution 11, if approved, will give the Directors power to allot such new Ordinary share for cash without first offering them to existing Shareholders pro rata to their existing holdings.

In addition to this authority, resolution 12, which is a special resolution, will if approved, authorise the Directors to allot further Ordinary shares, or resell further Ordinary shares held in treasury, up to an aggregate nominal amount of £7,897,000, representing approximately 10% of the total Ordinary share capital of the Company in issue (including treasury shares) as at the date of this document. Resolution 12, if approved, will give the Directors power to allot such new Ordinary shares for cash without first offering them to existing Shareholders pro rata to their existing holdings. This additional authority will only be used to issue new Ordinary shares, or resell Ordinary shares held in treasury, in accordance with the Company's discount control mechanism.

Ordinary shares issued pursuant to these authorities will be issued for cash only at a price not less than the net asset value per share. The disapplication of pre-emption rights also applies in respect of treasury shares which the Company may sell. It is the intention of the Board that the resale of any treasury shares would take place at a price of not less than the net asset value per share prevailing at the date of sale.

These authorities will expire on 31 March 2023 or, if earlier, at the conclusion of the AGM of the Company to be held in 2023.

**(iii) Purchase of the Company's own Ordinary shares**

Resolution 13, which is a special resolution, will be proposed to renew the Company's authorisation to make market purchases of its own Ordinary shares. The maximum number of Ordinary shares which may be purchased pursuant to the authority shall be 14.99% of the issued share capital of the Company as at the date of the passing of the resolution (approximately 47.3 million Ordinary shares as at the date of this document). This authority will expire on 31 March 2023 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held in 2023 (unless previously revoked, varied or extended by the Company in general meeting). Further details in relation to the Board's discount policy including the details about the minimum and maximum price to be paid are set out on page 20.

**(iv) Notice Period for General Meetings**

Resolution 14, which is a special resolution, is required to reflect the Shareholders' Rights Regulations. The Shareholders' Rights Regulations, which amends the Companies Act 2006, increased the notice period for general meetings of the Company to 21 days. The Company's Articles of Association enable the Company to call general meetings (other than an Annual General Meeting) on 14 clear days' notice, subject to compliance with statutory requirements. In order for this to be effective, the Shareholders must also approve annually the calling of meetings other than annual general meetings on 14 days' notice. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Companies Act 2006 (as amended by the Shareholders' Rights Regulations), offering facilities for all Shareholders to vote by electronic means before it can call a general meeting on 14 days' notice. The Directors believe it is in the best interests of the Shareholders of the Company to preserve the shorter notice period, although it is intended that this flexibility will be used only for non-routine business and where merited in the interests of Shareholders as a whole.

**Recommendation**

The Directors unanimously recommend you to vote in favour of the resolutions to be proposed at the AGM as it is their view that the resolutions are in the best interests of Shareholders as a whole.

By Order of the Board

Juniper Partners Limited  
Secretary

15 November 2021

# STATEMENT OF CORPORATE GOVERNANCE

## Introduction

Corporate governance is the process by which the Board seeks to look after Shareholder interests and protect and enhance Shareholder value. Shareholders hold the Directors responsible for the stewardship of the Company.

The Board has considered the principles and provisions of the Association of Investment Trusts' Code of Corporate Governance ('AIC Code'). The AIC Code is endorsed by the Financial Reporting Council and adapts the principles and provisions set out in the UK Corporate Governance Code to make them relevant to investment companies as well as incorporating the relevant provisions of the UK Corporate Governance Code.

The Board believes that the AIC Code provides the most appropriate governance framework for the Company. Accordingly, the Company reports against the principles and provisions of the AIC Code. The February 2019 edition of the AIC Code is applicable to the year under review and can be found at [www.theaic.co.uk](http://www.theaic.co.uk).

By reporting against the AIC Code, the Board is meeting its obligations in relation to the UK Corporate Governance Code (and associated disclosure requirements under the FCA's Listing Rule 9.8.6R) and, accordingly, the Company does not need to report further on issues contained in the UK Corporate Governance Code which are irrelevant to it.

## Role of the Board

The Board is ultimately responsible for the framing and executing of the Company's strategy and for closely monitoring risks. The Board sets the Company's values and objectives and ensures that its obligations to Shareholders are met.

The Board currently consists of five Non-Executive Directors, one of whom, David Warnock, is Chairman. The Senior Independent Director is Roger White. Biographies of the Directors appear on page 17 and demonstrate the wide range of skills and experience each brings to the Board. Each Director has signed a letter of appointment to formalise in writing the terms of his or her engagement as a Non-Executive Director.

The Board has a formal schedule of matters specifically reserved to it for decision. These are discussed at regular intervals (at least once per annum) and comprise corporate matters, the Company's objective, advisers, the AIFM, the Manager and the management agreements. When necessary, the AIFM and the Manager are requested to withdraw so that the Directors may discuss matters in private. 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 of the Company Secretary.

The Board meets five times a year on a formal basis and on an ad-hoc basis as required. The primary focus at the regular Board meetings is a review of investment performance and associated matters, including marketing and investor relations and regulatory and industry issues. In advance of each meeting, the Directors receive a comprehensive set of papers, including the Manager's review and performance reports, revenue projections and expense budgets, updates on marketing activities and investor relations, regulatory reports and documents on any other specific matters of importance. Key representatives of the Manager attend each Board meeting, enabling the Directors to probe on matters of concern and seek clarification on any issues.

The Board has appointed three committees to cover specific operations as set out below. Copies of the terms of reference of each committee are available on request from the Company Secretary and will also be available at the Annual General Meeting.

## Audit Committee

The Audit Committee Report is set out pages 26 and 27.

## Nominations Committee

The Nominations Committee, which comprises all of the Directors of the Company and is chaired by David Warnock, considers the appointment of new Directors bearing in mind the balance of skills, knowledge, experience and diversity existing on the Board. Once a decision is made to recruit an additional Director, a job description is prepared and each Director is invited to submit nominations and these are considered by the Committee. External search consultants may also be used to assist with the appointment of a new Director should it be considered expedient.

Following discussions by the Board on succession planning and agreement that, barring unforeseen circumstances, Jann Brown will retire after nine years' service in January 2022, the Nominations Committee carried out a search for a new Director during the first half of 2021. Nurole, an external agency with no connection to the Company, was engaged to put forward candidates for interview. The Committee determined that the new Director should have accounting and finance experience and be able to replace Jann as Audit Committee Chair. Gender diversity was also a key consideration. Nurole was provided with a brief to identify an appropriate range of candidates and, following a detailed candidate review and interview process, Brigid Sutcliffe was appointed to the Board on 1 August 2021. Brigid is a Chartered Accountant with extensive investment banking, management consultancy and audit committee chair experience.



## Management Engagement Committee

The Board has constituted a separate Management Engagement Committee which comprises all of the Directors and which met once during the year. The main functions of the Committee are to define the terms of the Agreements with the Manager and the AIFM, to ensure that they follow good industry practice, are competitive and are in the best interests of the Shareholders. The Committee monitors the Manager's and AIFM's compliance with the terms of the Agreements and their performance. The Committee also reviews the services and performance of the Company's other service providers. A review of the Manager was undertaken during the year and the Committee considered the continuing appointment of the Manager to be in the best interest of the Shareholders

at this time. The Committee believes that the Manager has the skills and experience appropriate to achieving the Company's investment objective. The Committee also reviewed the AIFM and other service providers during the year and concluded that the services provided to the Company were satisfactory and that the Agreements entered into with them were operating in the best interests of Shareholders.

## Remuneration Committee

As noted in the Directors' Remuneration Report on pages 29 and 30, the Board as a whole reviews and sets the rates of remuneration payable to each Director, and therefore no separate Remuneration Committee has been constituted.

## Directors' Meetings

The following table shows the number of formal Board and Committee meetings held during the year ended 30 September 2021 and the number attended by each Director (with eligibility to attend in brackets):

Meetings held and attendance	Board	Audit Committee	Management Engagement Committee	Nomination Committee
David Warnock	5 (5)	2 (2)	1 (1)	3 (3)
Jann Brown	4 (5)	2 (2)	1 (1)	2 (3)
Roger White	5 (5)	2 (2)	1 (1)	3 (3)
David Garman	5 (5)	2 (2)	1 (1)	3 (3)
Brigid Sutcliffe	1 (1)	-	-	1 (1)

## Directors' Independence

The Board regularly reviews the independence of its members and, having due regard to the definitions and current AIC guidelines on independence, considers all Directors to be independent of the Company's Manager.

The Board takes the view that length of service does not necessarily compromise the independence or contribution of directors of an investment trust company, where the characteristics and relationships tend to differ from those of other companies. The Board believes that continuity and experience can add significantly to the Board's strengths. Mr Warnock has served on the Board for more than nine years but, given the nature of the Company and the strongly independent mindset of the individual, the Board is of the view that Mr Warnock's length of service does not compromise his independence.

## Succession Planning and Tenure

The Board considers succession planning on at least an annual basis, having regard to the length of service of each Director, the combined skill set of the Board and the diversity and size of the Board. The Board has agreed that, in the absence of unforeseen circumstances, the tenure of the Chair will be for a maximum of twelve years.

The Board has agreed that, barring unforeseen circumstances, Jann Brown will retire from the Board at the Annual General Meeting in January 2022, after nine years of service, and David Warnock will retire from the Board on or before the Annual General Meeting in January 2023, after twelve years of service. As detailed in the Nominations Committee section of this report, Brigid Sutcliffe has been appointed to the Board to replace Jann. Jann and Brigid have worked together on the preparation of this Annual Report to ensure a smooth handover of Audit Chair responsibilities on Jann's retirement. The recruitment of a new Director to replace David Warnock, and discussions around the replacement of the Chair position are in progress.

# STATEMENT OF CORPORATE GOVERNANCE

## Board Diversity

The Board recognises the importance of diversity including gender, ethnicity and background, and is committed to ensuring that a wide range of knowledge, experience, skills and cognitive diversity are represented on the Board.

The Board does not consider it appropriate to establish diversity targets or quotas but considers diversity, in its broadest sense, as an important factor in its succession planning and recruitment process, and is committed to appointing and retaining the most appropriate and well qualified individuals.

## Induction and training

New Directors appointed to the Board are provided with an induction programme which is tailored to the particular circumstances of the appointee. Regular briefings are provided during the year on industry and regulatory matters and the Directors receive other relevant training as required.

## Performance evaluation

The Board undertakes a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors. The Directors consider how the Board functions as a whole and also review the individual performance of its members. This process is led by the Chairman and encompasses quantitative and qualitative measures of performance implemented by way of an evaluation questionnaire and Board discussion. The performance of the Chairman is reviewed by the other Directors led by the Senior Independent Director. These reviews form the basis of the decision on whether or not Directors are nominated for re-election. These processes have been carried out in respect of the year under review and will be conducted on an annual basis.

Based on these reviews the Board believes that it continues to operate in an efficient and effective manner and has a balanced range of skills and experience, with each Director making a significant contribution to the performance of the Company. Given this, the Board recommends the re-election of each of the Directors.

## Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company and the Company reports formally to Shareholders twice a year by way of the Annual and Interim Report. All Shareholders have the opportunity to attend and vote at Annual General Meetings at which Directors and the Manager are available to discuss key issues affecting the Company. Troy also conduct meetings with Shareholders to discuss issues relating to the Company and give them the opportunity to meet the Board, if required.

As recommended by the AIC Code, the Company makes available the proxy votes cast at general meetings. In addition, the Company aims to give Shareholders at least twenty working days' notice of the Annual General Meeting.

## Internal Control

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated certain functions. The main service providers are Troy, the Manager; Juniper Partners, the AIFM, Company Secretary and Administrator; J.P. Morgan Chase Bank N.A., the Custodian; J.P. Morgan Europe Ltd, the Depositary; and Equiniti Limited, the Registrars. Troy and Juniper Partners provide the Board with regular reports, which cover investment activities and financial matters, and with periodic reports on the control procedures and the system of internal financial control.

The AIFM has established a permanent risk function to ensure that effective risk management policies and procedures are in place to monitor compliance with risk limits. The AIFM has a risk policy which covers the risks associated with the management of the portfolio, and the adequacy and effectiveness of this policy is reviewed at least annually. This review includes the risk management processes and systems and limits for each risk area.

The risk limits, which are set by the AIFM in conjunction with the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits, including leverage (see note 21 on page 55), are monitored and exceptions are escalated to the AIFM along with any remedial measures that are required.

It is a requirement that the Board monitors the Company's risk management and internal control systems and, at least annually, carries out a review of their effectiveness. The monitoring and review covers all material controls, including financial, operational, compliance and risk management. To achieve this the Board has in place regular review procedures for the identification, evaluation and management of principal risks to the Company in accordance with the Financial Reporting Council's guidance document "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting". These procedures include oversight of the Company's risk management processes and regular reviews of the Company's detailed risk matrix. The Directors believe that these processes, which have been in place throughout the year under review and up to the date of approval of the Annual Report, are sufficient

to provide reasonable assurance that the assets are safeguarded and that material errors and irregularities are either prevented or detected within a timely period.

### Proxy Voting and Stewardship

The Financial Reporting Council ('FRC') published an updated 'UK Stewardship Code' for institutional shareholders in October 2020. The purpose of the UK Stewardship Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and assist institutional investors with the efficient exercise of their governance responsibilities.

The Board delegates to the Manager responsibility for selecting the portfolio of investments, within investment guidelines established by the Board after discussion with the Manager, and for monitoring the performance and activities of investee companies. The Manager carries out detailed research on investee companies and possible future investee companies through internally generated research. The research on a company comprises an evaluation of fundamental details such as financial strength, quality of management, market position and product differentiation, plus an appraisal of issues relevant to it, including policies relating to socially responsible investment.

The Company's voting rights in respect of investee companies are delegated to the Manager, who votes at all general meetings of UK companies and reports to the Board on a regular basis. The Manager considers each case on its individual merits with the primary aim of the use of voting rights being to ensure a satisfactory return from investments. The Manager's statement of compliance with the UK Stewardship Code can be found on the Manager's website at [www.taml.co.uk](http://www.taml.co.uk).

### Bribery Act

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Manager and the AIFM also adopt a zero tolerance approach and have policies and procedures in place to prevent and detect bribery.

### Criminal Finances Act 2017

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

By Order of the Board

Juniper Partners Limited  
Secretary

15 November 2021

# AUDIT COMMITTEE REPORT

## Composition of the Audit Committee

The Audit Committee comprises all of the Directors of the Company. The Board considers that it is appropriate for all Directors to be members of the Committee owing to the size and composition of the Board. The Audit Committee, who consider that they have the requisite skills and experience to fulfil their roles, met twice in 2021 to coincide with the interim and annual reporting and audit cycle. Jann Brown is the Chair of the Audit Committee.

## Role of the Audit Committee

The main responsibilities of the Audit Committee are:

- monitoring and reviewing the integrity of financial statements and ensuring in particular that, taken as a whole, they are fair, balanced and understandable;
- reviewing the Company's internal financial controls;
- making recommendations to the Board in relation to the appointment, evaluation and dismissal of the external Auditors, their remuneration, terms of their engagement and reviewing their independence, objectivity and effectiveness;
- reviewing the external Auditor's audit plan and year end report;
- developing and implementing policy on the engagement of the external Auditors to supply non-audit services;
- assessing the need for an internal audit function; and
- reviewing the arrangements in place within the AIFM and Manager whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company.

## Annual Report and Financial Statements

The Board of Directors is 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.

In the course of finalising the Annual Report and Financial Statements for the year ended 30 September 2021, the Committee focussed its discussions on the following significant issues:

- Valuation and existence of investments: Investments are valued using stock market prices from independent price sources. The AIFM carries out testing of the prices and regularly reconciles the portfolio holdings to confirmations from the Company's custodian.

- Accuracy, occurrence and completeness of dividend 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 Board at each Board meeting, including allocation of special dividends.
- COVID-19: The Committee considered the impact of COVID-19 on the Company's system of internal controls and received regular updates from the AIFM and the Manager on mitigation measures put in place to ensure operational resilience.

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

The Board has asked the Audit Committee to advise it whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy. The Audit Committee has reviewed the Annual Report and Financial Statements and is satisfied that, taken as a whole, they meet these requirements. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment industry in general and of investment trusts in particular.

## Auditors

PricewaterhouseCoopers LLP ('PwC') were appointed as the Company's external Auditors during the year to 30 September 2016, following a tender process in 2015. The current audit partner, Gillian Alexander, is in the first year of her appointment, following five years of service from Allan McGrath.

The Committee places great importance on ensuring high standards of both quality and effectiveness in the external audit process. Audit quality is reviewed throughout the year with a focus on: strong audit governance; the audit firm's methodology and its effective application to the Company; a robust challenge by the Auditors on any area which requires management judgement; and the quality of the senior members of the team.

The effectiveness of the audit has also been assessed by a number of measures including, but not limited to:

- reviewing the quality and scope of the audit planning;
- monitoring the independence and transparency of the audit; and
- seeking feedback from the Auditors on any external or internal quality reviews of the audit.

At the end of the audit for the current financial year, the Committee used a questionnaire to evaluate the performance of PwC. The Committee also reviewed the independence of PwC. In completing this review, the Committee took into account the standing, experience and tenure of the audit partner, the nature and level of service provided and confirmation that PwC have complied with relevant UK independence guidelines. No significant issues were identified and the Committee ratified the continued appointment of PwC.

Jann Brown  
Chair of the Audit Committee

15 November 2021

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy. In reaching this conclusion the Directors have assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment industry and of investment trusts in particular.

The Directors are responsible for keeping adequate 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, a Directors' Report, a Corporate Governance Statement and a Directors' Remuneration Report that comply with that law and those regulations.

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.

## Directors' confirmations

Each of the Directors, whose names and functions are listed in 'Your Board' on page 17, confirm that, to the best of their knowledge:

- the Company's financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report and the Directors' Report include 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 it faces.

For and on behalf of Troy Income & Growth Trust plc

Jann Brown  
Chair of the Audit Committee

15 November 2021

# DIRECTORS' REMUNERATION REPORT

## Chairman's Statement

The following report has been prepared by the Board in accordance with the requirements of section 421 of the Companies Act 2006. An ordinary resolution for the approval of this report, the Annual Report on Remuneration, will be put to Shareholders at the forthcoming AGM.

The Remuneration Policy set out below was approved by Shareholders at the AGM held in 2020, and the policy is subject to a vote at least every three years.

The Company's independent Auditors are required by law to audit certain of the disclosures contained in the Directors' Remuneration Report. Where disclosures have been audited, they are indicated as such. The independent Auditors' opinion is included in the report on pages 31 to 36.

No Director has a service contract with the Company, although each has a letter of appointment confirming his or her appointment and setting out his or her remuneration as at the date of the letter. These letters contain no provision regarding notice period, nor do they make provision for compensation payable upon early termination of the Director's appointment.

## Remuneration Policy

The Board as a whole reviews and sets the rates of remuneration payable to each Director with effect from the annual review date of 1 April each year. The Board is aware that these should be comparable to market rates to attract and retain Directors of the appropriate calibre and reflect the time spent and the responsibilities borne by Directors in exercising the stewardship required of the Company. In setting these rates, the Board acts principally on advice from the Company Secretary, who monitors rates of Directors' remuneration in companies of comparable size and activities and carries out other relevant research requested by the Board. Any Director who performs

services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration as the Board may in its discretion decide. No separate remuneration committee has been constituted in view of the level of work delegated to the Manager and Company Secretary.

The Articles of Association of the Company set a maximum aggregate limit within a financial year for Non-Executive Directors' remuneration. The limit was approved by Shareholders in 2006 at £70,000 per annum, increased annually in line with the change in the Retail Price Index and pro-rated up or down should the number of Directors change either temporarily or permanently. Since 2006, the number of Directors has increased from three to four and, taking into the account the increase in Retail Price Index, the limit for the year ended 30 September 2021 was £142,000.

The Board has not received any views from the Company's Shareholders in respect of the levels of Directors' remuneration.

The Board considers that the present policy of remunerating Directors exclusively by fixed fees in cash is appropriate and adequate for the Company in its present and foreseeable circumstances and there are no plans to introduce additional or alternative remuneration schemes.

The new Directors' remuneration rates, effective from 1 April 2021, are as follows:

	From 1 April 2021 £	From 1 April 2020 £
Chairman	35,830	35,500
Audit Committee Chair	28,700	28,400
Other Directors	24,600	24,350

## Total Shareholder Return

The chart shown below illustrates the total shareholder return for a holding in the Company's shares as compared to the total return on the FTSE All-Share Index for the ten year period to 30 September 2021. This index is deemed to be the most appropriate one against which to measure the Company's long-term performance.

# DIRECTORS' REMUNERATION REPORT

## Annual Report on Remuneration (Audited Information)

The total fees payable to each Director who served during the financial year under review and the previous financial year of the Company are shown in the following table:

	2021 £	2020 £	% change
David Warnock	35,665	35,250	1.2%
Jann Brown	28,550	28,200	1.2%
Roger White	24,475	24,175	1.2%
David Garman	24,475	24,175	1.2%
Brigid Sutcliffe	4,100	-	-
	117,265	111,800	4.9%

There is no performance related remuneration scheme such as an annual bonus, or a long-term incentive scheme such as the granting of share options. The Company does not operate a pension scheme for the Directors and no Director received any form of remuneration during the financial year under review or the preceding financial year other than the fees shown above.

## Relative Importance of Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distribution to Shareholders.

## Directors' Interests (Audited Information)

The Directors at 30 September 2021 had no other interest other than those interests, all of which are beneficial interests, shown below in the share capital of the Company.

	At 30 September 2021 Ordinary shares	At 30 September 2020 Ordinary shares
David Warnock	670,272	670,272
Jann Brown	87,563	87,563
Roger White	300,000	300,000
David Garman	100,000	100,000
Brigid Sutcliffe (appointed 1 August 2021)	-	N/A

Brigid Sutcliffe purchased 20,000 Ordinary shares on 14 October 2021. There have been no other changes in the interests of the Directors in the share capital during the period 1 October 2021 to 15 November 2021.

There is no requirement under the Directors' letters of appointment for them to own shares in the Company.

## Statement of Voting at Annual General Meeting

The proxy votes cast at the last relevant Annual General Meetings were as follows:

	In favour	Against
Directors' Remuneration Report (2021 AGM)	99.5%	0.5%
Directors' Remuneration Policy (2020 AGM)	99.6%	0.4%

Approved by the Board of Directors on 15 November 2021 and signed on its behalf by:

David Warnock  
Chairman



# INDEPENDENT AUDITORS' REPORT

to the Members of Troy Income & Growth Trust plc

## Report on the audit of the financial statements

### Opinion

In our opinion, Troy Income & Growth Trust plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 September 2021; the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

## Our audit approach

### Overview

#### Audit scope

- The Company is a standalone Investment Trust Company and engages Troy Asset Management Limited (the "Manager") to manage its assets;
- We conducted our audit of the financial statements using information from Juniper Partners Limited (the "Administrator") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions;
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above and the industry in which the Company operates; and
- We obtained an understanding of the control environment in place at both the Manager and the Administrator, and adopted a fully substantive testing approach using reports obtained from the Administrator.

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#### Key audit matters

- Valuation and existence of investments; and
- Accuracy, occurrence and completeness of dividend income.

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#### Materiality

- Overall materiality: £2.49m (2020: £2.52m) based on 1% of net assets; and
  - Performance materiality: £1.86m.
- 

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

# INDEPENDENT AUDITORS' REPORT

to the Members of Troy Income & Growth Trust plc

## Key audit matters

Key audit matters are those matters that, in the Auditors' professional judgement, were of most significance in the 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) identified by the Auditors, including 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, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Consideration of the impact of COVID-19, which was a key audit matter last year, is no longer included because of the reduced uncertainty of the impact of COVID-19 in the current year as markets and economies continue to recover. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments The investment portfolio at the year-end consisted of listed equity investments valued at £244.5million. We focused on the valuation and existence of investments because investments represent the principal element of the Net Asset Value as disclosed in the Statement of Financial Position in the financial statements.	We tested the valuation of the investments by agreeing the prices used in the valuation to independent third-party sources for all investments. We tested the existence of the investment portfolio by agreeing investment holdings to an independent custodian confirmation. No material issues were identified.
Accuracy, occurrence and completeness of dividend income We focused on the accuracy, occurrence and completeness of dividend income as incomplete or inaccurate income could have a material impact on the Company's Net Asset Value and dividend cover. We also focused on the accounting policy for income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP") as incorrect application could indicate a misstatement in income recognition.	We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. To test for occurrence, we confirmed that all dividends recorded had occurred in the market and traced a sample of cash payments to bank statements. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for all listed investments during the year. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by confirming reasons behind dividend distributions. No material issues were identified.

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£2.49m (2020: £2.52m).
How we determined it	1% of net assets
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £1.86m for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £124,000 (2020: £126,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats, including those presented by COVID-19;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of significant reductions in NAV as a result of market performance on the ongoing ability of the Company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our Auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

# INDEPENDENT AUDITORS' REPORT

to the Members of Troy Income & Growth Trust plc

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## Directors' Remuneration

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

## Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement 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 Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of the effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the Auditors.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the Directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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.

### **Auditors' 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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase Net Asset Value. Audit procedures performed by the engagement team included:

- discussions with the Manager and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing relevant committee meeting minutes, including those of the Board and Audit Committee;
- recalculation of numerical aspects of the eligibility conditions of section 1158 of the Corporation Tax Act 2010;
- identifying and testing journal entries, in particular year end journal entries posted by the Administrator during the preparation of the financial statements; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

# INDEPENDENT AUDITORS' REPORT

to the Members of Troy Income & Growth Trust plc

## Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; 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.

We have no exceptions to report arising from this responsibility.

## Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 19 January 2016 to audit the financial statements for the year ended 30 September 2016 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the years ended 30 September 2016 to 30 September 2021.

Gillian Alexander (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Edinburgh

15 November 2021

# STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 30 September 2021			Year ended 30 September 2020		
		Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Capital							
Gains/(losses) on investments held at fair value	9	-	19,651	19,651	-	(32,210)	(32,210)
Net foreign currency (losses)/gains		-	(11)	(11)	-	10	10
Revenue	2						
Income from listed investments		6,969	-	6,969	8,212	-	8,212
Other income		-	-	-	2	-	2
		6,969	19,640	26,609	8,214	(32,200)	(23,986)
Expenses							
Investment management fees	3	(564)	(1,047)	(1,611)	(574)	(1,066)	(1,640)
Other administrative expenses	4	(649)	-	(649)	(554)	-	(554)
Finance costs of borrowing	5	(10)	(18)	(28)	(18)	(32)	(50)
Profit/(loss) before taxation		5,746	18,575	24,321	7,068	(33,298)	(26,230)
Taxation	6	(114)	-	(114)	(53)	-	(53)
Total comprehensive income/(expense)		5,632	18,575	24,207	7,015	(33,298)	(26,283)
Earnings per Ordinary share (pence)	8	1.68	5.54	7.22	2.11	(10.04)	(7.93)

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The supplementary revenue return and capital return columns are both prepared as explained in the accounting policies on page 41. All items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the year.

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment in predominantly UK equities.

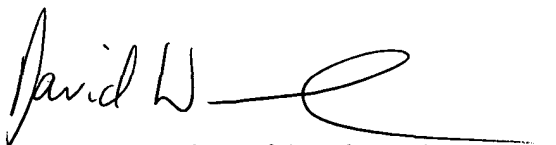
The accompanying notes are an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

		As at 30 September 2021 £'000	As at 30 September 2020 £'000
	Note		
Non-current assets			
Investments in ordinary shares		244,514	242,316
Investments held at fair value through profit or loss	9	244,514	242,316
Current assets			
Accrued income and prepayments		968	861
Trade and other receivables		162	474
Cash and cash equivalents		3,951	8,556
Total current assets		5,081	9,891
Total assets		249,595	252,207
Current liabilities			
Trade and other payables		(974)	(521)
Total current liabilities		(974)	(521)
Net assets		248,621	251,686
Issued capital and reserves attributable to equity holders			
Called-up share capital	10	86,878	86,878
Share premium account	11	53,909	53,960
Special reserves	12	38,890	60,366
Capital reserve - unrealised	13	54,428	41,678
Capital reserve - realised	13	8,424	2,599
Revenue reserve	14	6,092	6,205
Total equity		248,621	251,686
Net asset value per Ordinary share (pence)	8	77.72	72.60

The financial statements on pages 37 to 55 were approved by the Board of Directors on 15 November 2021 and were signed on its behalf by:

David Warnock  
Chairman



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



# STATEMENT OF CHANGES IN EQUITY

For year ended 30 September 2021

	Called-up share capital £'000	Share premium account £'000	Special reserves £'000	Capital reserve – unrealised £'000	Capital reserve – realised £'000	Revenue reserve £'000	Total equity £'000
Balance at 1 October 2020	86,878	53,960	60,366	41,678	2,599	6,205	251,686
Profit and total comprehensive income for the year	-	-	-	12,750	5,825	5,632	24,207
Equity dividends (note 7)	-	-	(1,598)	-	-	(5,745)	(7,343)
Shares bought back into treasury	-	-	(20,315)	-	-	-	(20,315)
Shares issued from treasury	-	-	437	-	-	-	437
New shares issued	-	-	-	-	-	-	-
Discount control costs	-	(51)	-	-	-	-	(51)
<b>Balance at 30 September 2021</b>	<b>86,878</b>	<b>53,909</b>	<b>38,890</b>	<b>54,428</b>	<b>8,424</b>	<b>6,092</b>	<b>248,621</b>
Balance at 1 October 2019	73,495	25,166	63,397	60,217	17,358	5,828	245,461
(Loss)/profit and total comprehensive income for the year	-	-	-	(18,539)	(14,759)	7,015	(26,283)
Equity dividends (note 7)	-	-	(2,411)	-	-	(6,638)	(9,049)
Shares bought back into treasury	-	-	(620)	-	-	-	(620)
Shares issued from treasury	-	-	-	-	-	-	-
New shares issued	13,383	28,854	-	-	-	-	42,237
Discount control costs	-	(60)	-	-	-	-	(60)
<b>Balance at 30 September 2020</b>	<b>86,878</b>	<b>53,960</b>	<b>60,366</b>	<b>41,678</b>	<b>2,599</b>	<b>6,205</b>	<b>251,686</b>

The revenue reserve, special reserves and capital reserve – realised are distributable. The full amount of each of these reserves is available for distribution.

The capital reserve has been split between realised and unrealised on the Statement of Financial Position and the Statement of Changes in Equity to distinguish between the element of the reserve that is distributable (realised) and the element of the reserve that is not distributable (unrealised).

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

# CASH FLOW STATEMENT

	Year ended 30 September 2021		Year ended 30 September 2020	
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Investment income received	6,858		8,157	
Administrative expenses paid	(2,264)		(2,226)	
Cash generated from operations (note 19(a))		4,594		5,931
Finance costs paid		(28)		(50)
Taxation		(116)		(33)
Net cash inflows from operating activities		4,450		5,848
Cash flows from investing activities				
Purchases of investments	(31,177)		(87,855)	
Sales of investments	48,995		53,856	
Capital distributions	43		-	
Net cash inflow/(outflow) from investing activities		17,861		(33,999)
Net cash inflow/(outflow) before financing		22,311		(28,151)
Cash flows from financing activities				
Proceeds of issue of shares	437		42,339	
Cost of share buy backs	(19,948)		(617)	
Dividends paid	(7,343)		(9,049)	
Costs incurred on issue of shares	(51)		(160)	
Net cash (outflow)/inflow from financing activities		(26,905)		32,513
Net (decrease)/increase in cash and short term deposits (note 19(b))		(4,594)		4,362
Cash and cash equivalents at the start of the year		8,556		4,184
Effect of foreign exchange rate changes		(11)		10
Cash and cash equivalents at the end of the year		3,951		8,556

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting Policies

### (a) Basis of accounting

The financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit and loss.

The financial statements are presented in Sterling which is regarded as the functional currency and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The principal accounting policies adopted are set out below. These policies have been applied consistently throughout the current and prior year.

Where presentational guidance set out in the Statement of Recommended Practice ('SORP') 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in April 2021) is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP

In order better to reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. Additionally, the net revenue of the Company is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in sections 1158 and 1159 of the Corporation Tax Act 2010.

The Directors confirm that none of the following new standards or amendments to existing standards, effective for accounting periods beginning on or after 1 January 2020, have materially affected the Company's financial statements:

- Amendments to References to the Conceptual Framework in IFRS Standards.
- Amendments to IFRS 7, IFRS 9 and IAS 39 – Financial Instruments.
- Amendments to IAS 1 and IAS 8, regarding the definition of materiality.

The Directors do not anticipate the adoption of the following standards or amendments to existing standards, effective for accounting periods beginning on or after 1 January 2021 and thereafter, will have a material effect on the Company's financial statements:

- Amendments to IAS 1, regarding classification of liabilities and disclosure of accounting policies.
- Amendments to IAS 8, regarding definition of accounting estimates.
- Amendments to IAS 39, IFRS 4, 7, 9 and 16, regarding Interest Rate Benchmark Reform.
- Amendments to IFRS 3 regarding reference to the Conceptual Framework.
- Amendments to IFRS 4 regarding extension of IFRS 9 deferral.

The Company early adopted the amendment to IFRS 3 – Business Combinations in the year ended 30 September 2020. The amendment adds an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. During the year ended 30 September 2020, the concentration test was applied to the merger with Cameron Investors Trust plc, which was deemed to be an asset acquisition rather than a business combination.

### (b) Investments – Securities held at Fair Value

Investments are recognised or derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, listed equities and fixed interest securities are designated as fair value through profit or loss on initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS

All investments designated upon initial recognition as held at fair value through profit or loss are measured at subsequent reporting dates at their fair value, which is the bid price as at close of business on the Balance Sheet date.

Gains and losses arising from the changes in fair value are included in net profit or loss for the period as a capital item. Expenses which are incidental to the acquisition and disposal of investments are treated as capital costs.

## (c) Income

Dividend income from equity investments including preference shares which have a discretionary dividend is recognised when the Shareholders' right to receive payment has been established, normally the ex-dividend date. Underwriting commission is taken to revenue on a receipts basis.

## (d) Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the *Statement of Comprehensive Income*, all expenses have been presented as revenue items except those where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. Accordingly the investment management fee and finance costs have been allocated 35% to revenue and 65% to capital.

## (e) Bank borrowings

Interest-bearing bank loans and overdrafts are initially recognised at cost, being the fair value of the consideration received, net of any issue expenses. After initial recognition, all interest bearing loans and overdrafts are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any arrangement costs and any discount or premium on settlement.

## (f) Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

The allocation method used to calculate tax relief on expenses presented against capital returns is the 'marginal basis'. Under this basis if taxable income is not capable of being offset entirely by expenses presented in revenue then unutilised expenses arising in capital will be set against income with an amount based on current tax rates charged against income and credited to capital.

Deferred tax is provided in full on temporary differences which result in an obligation at the Balance Sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise, based on current tax rates and law. Temporary differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

## (g) Foreign currency

Transactions denominated in foreign currencies are recorded at the actual exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at fair value by using the rate of exchange prevailing at the year end. The currencies to which the Company was exposed were Swiss Francs and US Dollars.

Forward currency contracts are classified as investments held at fair value through profit or loss and are reported at fair value at the year end by using the forward rate of exchange prevailing at the year end.

Any gain or loss arising from a movement in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the *Statement of Comprehensive Income* as a revenue or capital item depending on the nature of the gain or loss.

## (h) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments within three months of maturity that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Use of judgements and estimates

The preparation of financial statements requires the Company to make judgements, estimates and assumptions that affect items reported in the Statement of Financial Position and the Statement of Comprehensive Income and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these judgements and estimates are based on the Directors' best knowledge of current facts, circumstances and, to some extent, future events and actions, the Company's actual results may ultimately differ from those estimates. There were no material accounting judgements or estimates in the current year.

(j) Issue and repurchase of Ordinary shares and associated costs

The proceeds from the issue of new Ordinary shares (including those relating to the sale of shares out of treasury) and the aggregate cost of repurchasing Ordinary shares (including those to be held in treasury) are taken directly to equity and dealt with in the Statement of Changes in Equity. Issue costs incurred in respect of shares sold out of treasury are offset against proceeds received and dealt with in the special reserves. Share issues and repurchase transactions are accounted for on a trade date basis.

## 2. Revenue

	2021 £'000	2020 £'000
Income from listed investments		
UK dividend income	6,168	7,325
Income from overseas investments	801	887
	<b>6,969</b>	<b>8,212</b>
Other income		
Deposit interest	-	2
Total income	<b>6,969</b>	<b>8,214</b>

The Company received a capital special dividend of £43,000 from Admiral Group in the year ended 30 September 2021 (2020 - £nil), as shown in note 9.

## 3. Investment management fees

Troy Asset Management Limited ('Troy') was appointed as the Manager on 31 July 2009. The investment management fee is paid at an annual rate of 0.65% of the Company's net assets. The fee is calculated monthly and paid quarterly. Juniper Partners Limited (previously PATAC Limited) was appointed as the Company's AIFM with effect on 22 July 2014. The AIFM fee is 0.015% of the Company's net assets per annum, subject to a minimum fee of £60,000 per annum. From the same date, the portfolio management activities were delegated to Troy. The commercial terms of the delegation agreement are the same as the previous investment management agreement except that the investment management fee paid to Troy is reduced by the fees incurred for the services of the AIFM. The fee is allocated 35% to revenue and 65% to capital.

	2021			2020		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Investment management fees paid to Troy	543	1,008	1,551	553	1,027	1,580
AIFM fee paid to Juniper	21	39	60	21	39	60
Total investment management fees	<b>564</b>	<b>1,047</b>	<b>1,611</b>	<b>574</b>	<b>1,066</b>	<b>1,640</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Other administrative expenses

	2021 £'000	2020 £'000
Directors' remuneration - fees as Directors	117	112
Secretarial fees	178	152
Fees payable to auditors		
- fees payable to the Company's auditors for the audit of the annual financial statements†	41	35
Other management expenses	313	255
	<b>649</b>	<b>554</b>

† Includes irrecoverable VAT of £7,000 (2020 - £6,000).

The Company had no employees during the year (2020 - nil). No pension contributions were paid for Directors (2020 - £nil). Further details on Directors' remuneration can be found in the Directors' Remuneration Report on pages 29 and 30.

## 5. Finance costs of borrowing

	2021			2020		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Bank revolving credit facility	10	18	28	18	32	50

The Company had a two year revolving credit facility with ING Luxembourg S.A. which expired on 24 April 2021. The facility was not drawn down at any point during the two years to 24 April 2021.

## 6. Taxation

	2021			2020		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Irrecoverable overseas tax	114	-	114	53	-	53

The following table is a reconciliation of the total taxation charge to the charges or credits which would arise if all ordinary activities were taxed at the standard UK corporation tax rate of 19.0% (2020 - 19.0%):

	2021			2020		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Profit/(loss) on ordinary activities before taxation	5,746	18,575	24,321	7,068	(33,298)	(26,230)
Taxation of return on ordinary activities at the standard rate of corporation tax	1,092	3,529	4,621	1,343	(6,327)	(4,984)
Effects of:						
UK dividend income not liable to further tax	(1,071)	-	(1,071)	(1,275)	-	(1,275)
Overseas dividend income not liable to further tax	(152)	-	(152)	(168)	-	(168)
Capital (profits)/losses not taxable	-	(3,732)	(3,732)	-	6,118	6,118
Excess management expenses and loan relationships	131	203	334	100	209	309
Overseas withholding tax suffered	114	-	114	53	-	53
Total taxation charge for the year	114	-	114	53	-	53

At 30 September 2021, the Company had surplus management expenses and unutilised non-trade relationship deficits of £15,431,000 (2020 - £13,676,000) with a tax value of £2,932,000 (2020 - £2,598,000) to carry forward. No deferred tax asset has been recognised in the current or prior year because it is considered too uncertain that there will be suitable taxable profits from which the future reversal of the deferred tax asset could be deducted.

## 7. Dividends on equity shares

	2021 £'000	2020 £'000
Paid from revenue:		
Fourth interim dividend for the year ended 30 September 2019 of 0.695p	-	2,065
Fourth interim dividend for the year ended 30 September 2020 of 0.695p	2,409	-
First and second interim dividends for the year ended 30 September 2021 totalling 0.98p (2020 - 1.39p) per share	3,336	4,573
Total paid from revenue	5,745	6,638
Paid from distributable capital reserves:		
Third interim dividend for year ended 30 September 2021 of 0.49p (2020 - 0.695p)	1,598	2,411
Total	7,343	9,049

The fourth interim dividend of 0.49p per share, declared on 16 September 2021 and paid on 22 October 2021, has not been included as a liability in these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

We also set out below the total dividend payable in respect of the financial year, which is the basis on which the requirements of Section 1159 of the Corporation Tax Act 2010 are considered.

	2021 £'000	2020 £'000
Paid and payable from revenue:		
First and second interim dividends for the year ended 30 September 2021 totalling 0.98p (2020 - 1.39p) per share	3,336	4,573
Fourth interim dividend for the year ended 30 September 2021 of 0.49p (2020 - 0.695p) per share	1,565	2,409
Total paid and payable from revenue	4,901	6,982
Paid from distributable capital reserves:		
Third interim dividend for year ended 30 September 2021 of 0.49p (2020 - 0.695p)	1,598	2,411
Total	6,499	9,393

The dividend per share information is as follows:

	Rate per share	xd date	Record date	Payment date
First interim dividend	0.49p	31 December 2020	4 January 2021	22 January 2021
Second interim dividend	0.49p	1 April 2021	6 April 2021	23 April 2021
Third interim dividend	0.49p	1 July 2021	2 July 2021	23 July 2021
Fourth interim dividend	0.49p	7 October 2021	8 October 2021	22 October 2021
2020/21	1.96p			
First interim dividend	0.695p	2 January 2020	3 January 2020	24 January 2020
Second interim dividend	0.695p	2 April 2020	3 April 2020	24 April 2020
Third interim dividend	0.695p	2 July 2020	3 July 2020	24 July 2020
Fourth interim dividend	0.695p	8 October 2020	9 October 2020	23 October 2020
2019/20	2.78p			

## 8. Return and net asset value per share

	2021 £'000	2020 £'000
The returns per share are based on the following figures:		
Revenue return	5,632	7,015
Capital return	18,575	(33,298)
Total	24,207	(26,283)
Weighted average number of Ordinary shares	335,250,510	331,616,651

The net asset value per share is based on net assets attributable to Shareholders of £248,621,000 (2020 - £251,686,000) and on 319,888,987 (2020 - 346,652,987) Ordinary shares in issue at the year end.



## 9. Investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Listed on recognised stock exchanges:		
United Kingdom	203,387	206,598
Overseas	41,127	35,718
Total investments	244,514	242,316

	2021 £'000	2020 £'000
Opening book cost	200,638	180,784
Opening fair value gains on investments held	41,678	60,217
Opening fair value	242,316	241,001
Purchases	31,274	87,855
Sales - proceeds	(48,684)	(54,330)
- net gains/(losses) on sales	6,858	(13,671)
Movement in fair value during the year	12,750	(18,539)
Closing fair value	244,514	242,316
Closing book cost	190,086	200,638
Closing fair value gains on investments held	54,428	41,678
Closing fair value	244,514	242,316

All investments are categorised as held at fair value through profit or loss, and were designated as such upon initial recognition.

For an analysis of investments see pages 9 to 11. The total transaction costs on purchases was £132,000 (2020 - £266,000) and on sales £17,000 (2020 - £18,000).

	2021 £'000	2020 £'000
Gains/(losses) on investments held at fair value		
Net gains/(losses) on sales	6,858	(13,671)
Movement in fair value in investment holdings	12,750	(18,539)
Capital distributions	43	-
	19,651	(32,210)

# NOTES TO THE FINANCIAL STATEMENTS

## 10. Called-up share capital

	Ordinary shares of 25p each	
	Number	£'000
Allotted, called up and fully paid		
At 30 September 2021	319,888,987	79,972
Held in treasury	27,623,000	6,906
	347,511,987	86,878
Allotted, called up and fully paid		
At 30 September 2020	346,652,987	86,663
Held in treasury	859,000	215
	347,511,987	86,878

During the year to 30 September 2021 no new Ordinary shares of 25p each were issued.

During the year to 30 September 2020 the Company issued 53,532,942 new Ordinary shares of 25p each for proceeds of £42,237,000. Included in this is 13,647,942 new Ordinary shares issued in respect of the merger with Cameron Investors Trust plc ('CIT'). On 18 November 2019, the effective date of the merger, the Company received assets of £13,956,000 from CIT and, following the cancellation of the Company's own investment in CIT, this resulted in an increase to the Company's net assets of £11,304,000.

During the year to 30 September 2021 there were 27,364,000 Ordinary shares of 25p each repurchased by the Company (being 7.9% of the Company's issued share capital at the start of the year), at a total cost of £20,315,000 and placed in treasury.

During the year to 30 September 2020 there were 859,000 Ordinary shares of 25p each repurchased by the Company (being 0.3% of the Company's issued share capital at the start of the year), at a total cost of £620,000 and placed in treasury.

During the year to 30 September 2021 600,000 shares were re-issued from treasury for proceeds of £437,000.

During the year to 30 September 2020 no shares were re-issued from treasury.

No shares were purchased for cancellation during the year (2020 - nil) and at the year end 27,623,000 shares were held in treasury (2020 - 859,000).

The costs of the operation of the discount control mechanism of £51,000 (2020 - £60,000) have been charged against the premium on shares issued.

## 11. Share premium account

	2021 £'000	2020 £'000
At 1 October	53,960	25,166
Premium on issue of shares	-	28,854
Discount control costs (note 10)	(51)	(60)
At 30 September	53,909	53,960

## 12. Special reserves

	Distributable Capital Reserve 2021 £'000	Special Reserve 2021 £'000	Total Special Reserves 2021 £'000	Total Special Reserves 2020 £'000
At 1 October	2,932	57,434	60,366	63,397
Shares bought back during the year into treasury	-	(20,315)	(20,315)	(620)
Dividends	(1,598)	-	(1,598)	(2,411)
Shares issued during the year from treasury	-	437	437	-
At 30 September	1,334	37,556	38,890	60,366

On 29 August 2014, the Court of Session in Scotland approved the cancellation of the Share Premium Account and the creation of a Distributable Capital Reserve from the balance of the Share Premium Account.

The Special Reserve was created on 1 October 2010 by a similar court process.

The purpose of the Distributable Capital Reserve and the Special Reserve are to fund market purchases by the Company of its own shares, to make bonus issues of shares and to make distributions in accordance with the Companies Act 2006.

## 13. Capital reserve

	2021 £'000	2020 £'000
Capital reserve - realised		
At 1 October	2,599	17,358
Net gains/(losses) on sales of investments during the year	6,858	(13,671)
Investment management fee	(1,047)	(1,066)
Net foreign currency (losses)/gains	(11)	10
Finance costs of borrowing	(18)	(32)
Capital distributions received	43	-
At 30 September	8,424	2,599
Capital reserve - unrealised		
At 1 October	41,678	60,217
Investment gains/(losses)	12,750	(18,539)
At 30 September	54,428	41,678

## 14. Revenue reserve

	2021 £'000	2020 £'000
At 1 October	6,205	5,828
Transfer (from)/to revenue account net of dividends	(113)	377
At 30 September	6,092	6,205

# NOTES TO THE FINANCIAL STATEMENTS

## 15. Risk management, financial assets and liabilities

### Risk management

The Company's objective is to provide Shareholders with an attractive income yield and the prospect of income and capital growth through investing in a portfolio of predominately UK equities.

In pursuit of the Company's objective, the Company's investment policy is to invest in a portfolio of predominantly UK equities. Equities are selected for their inclusion within the portfolio solely on the basis of the strength of the investment case with the focus being on long term income growth along with capital preservation.

Asset classes other than equities will be purchased from time to time, will vary as opportunities are identified and will include convertibles, preference shares, fixed income securities and corporate bonds. Such investments will be made when prospective returns appear to be superior to those from equity markets or are considered likely to exceed the Company's borrowing costs. However, non-equity securities will not constitute the majority of the portfolio. The Company may also use derivatives for the purpose of efficient portfolio management (including reducing, transferring or eliminating investment risk in its investments and protection against currency risk), to exploit an investment opportunity and to achieve capital growth.

The management of the portfolio is conducted according to investment guidelines, established by the Board after discussion with the Manager, which specify the limits within which the Manager is authorised to act.

### Financial assets and liabilities

The Company's financial assets include investments, cash at bank and short-term debtors. Financial liabilities consist of short-term creditors and bank overdrafts.

The main risks the Company faces from its financial instruments are (i) market risk (comprising interest rate risk, foreign currency risk and other price risk), (ii) liquidity risk and (iii) credit risk.

#### (i) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements - interest rate risk, foreign currency risk and other price risk.

##### Interest rate risk

The Company is subject to interest rate risk because the value of fixed interest rate securities is linked to underlying bank rates or equivalents, and its short-term borrowings and cash resources carry interest at floating rates. The interest rate profile is managed as part of the overall investment strategy of the Company.

Interest rate movements may affect:

- the fair value of the investments in fixed interest rate securities;
- the level of income receivable on cash deposits; and
- interest payable on the Company's variable rate borrowings.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

#### Interest rate profile

The interest rate risk profile of the portfolio of financial assets at the date of the Statement of Financial Position was as follows (there were no interest bearing financial securities and liabilities at the dates of the Statement of Financial Position):

As at 30 September 2021	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets			
Cash	-	-	3,951
Total assets	-	-	3,951

As at 30 September 2020	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets			
Cash	-	-	8,556
Total assets	-	-	8,556

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The cash assets consist of cash deposits on call earning interest at prevailing market rates. Short-term debtors and creditors have been excluded from the above tables.

#### Maturity profile

The maturity profile of the Company's financial assets and liabilities at the date of the Statement of Financial Position was as follows:

	Within 3 months or less 2021 £'000	Within 3 months or less 2020 £'000
Floating rate		
Cash	3,951	8,556

#### Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the date of the Statement of Financial Position and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's profit before tax for the year ended 30 September 2021 and net assets would increase/decrease by £20,000 (2020 - increase/decrease by £43,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances. These figures have been calculated based on cash positions at each year end.

In the opinion of the Directors, the above sensitivity analyses are not 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 also fluctuate depending on the current market perception.

# NOTES TO THE FINANCIAL STATEMENTS

## Foreign currency risk

A proportion of the Company's investment portfolio is invested in overseas securities and the income and capital value can be affected by movements in exchange rates. Exchange gains or losses may arise as a result of the movement in the exchange rate between the date of the transaction denominated in a currency other than Sterling and its settlement.

An analysis of the Company's gross currency exposure is detailed below:

	30 September 2021		30 September 2020	
	Overseas Investments £'000	Net monetary assets £'000	Overseas investments £'000	Net monetary assets £'000
US Dollar	33,191	-	26,045	-
Swiss Franc	7,936	-	9,673	-
Total	41,127	-	35,718	-

## Foreign currency sensitivity

There is no sensitivity analysis included as the Company's significant foreign currency financial instruments are in the form of equity investments which have been included within the other price risk sensitivity analysis so as to show the overall level of exposure.

## Other price risk

Other price risks (i.e. changes in market prices other than those arising from interest rate 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 sector. The allocation of assets to specific sectors and the stock selection process both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are all listed on recognised investment exchanges.

## Other price sensitivity

If market prices at the year end date had been 10% higher or lower on a Sterling basis while all other variables remained constant, the return attributable to Ordinary Shareholders and equity reserves for the year ended 30 September 2021 would have increased/decreased by £24,451,000 (2020 - increase/decrease of £24,232,000). This is based on the Company's equity portfolio held at each year end.

## (ii) Liquidity risk

This 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 mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of overdraft facilities.

Liabilities at the date of the Statement of Financial Position are payable within three months.

## (iii) Credit risk

This is 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 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. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed;

- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a monthly basis. In addition, the Administrator carries out a stock reconciliation to the Custodian's records on a monthly basis to ensure discrepancies are picked up on a timely basis; and
- cash is held only with reputable banks and financial institutions with high quality external credit ratings. None of the Company's financial assets is secured by collateral or other credit enhancements.

#### Credit risk exposure

In summary, compared to the amounts in the Statement of Financial Position, the maximum exposure to credit risk at 30 September was as follows:

	2021		2020	
	Statement of Financial Position £'000	Maximum exposure £'000	Statement of Financial Position £'000	Maximum exposure £'000
Current assets				
Accrued income and prepayments	968	936	861	825
Trade and other receivables	162	162	474	474
Cash and short term deposits	3,951	3,951	8,556	8,556
	5,081	5,049	9,891	9,855

None of the Company's financial assets is past due or impaired.

#### Fair value of financial assets and liabilities

The book value of cash at bank included in these financial statements approximates to fair value because of the short-term maturity. The carrying value of fixed asset investments are stated at their fair values, which have been determined with reference to quoted market prices. For all other short-term debtors and creditors, their book values approximate to fair value because of their short-term maturity.

#### Gearing

The Company is able to gear by obtaining short-term credit facilities.

The Company did not have a facility in place, or any outstanding gearing, at the year end. The profile of financing costs is managed as part of overall investment strategy. The employment of gearing magnifies the impact on net assets of both positive and negative changes in the value of the Company's portfolio of investments.

## 16. 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 Company's capital at 30 September comprised:

	2021 £'000	2020 £'000
Called-up share capital	86,878	86,878
Retained earnings and other reserves	161,743	164,808
	248,621	251,686

# NOTES TO THE FINANCIAL STATEMENTS

The Board, with the assistance of the Manager and the AIFM, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes account of the Manager's views on the market;
- the need to buy back equity shares for cancellation or to hold in treasury, which takes account of the difference between the net asset value per share and the share price (i.e. the level of share price discount or premium);
- the need for new issues of equity shares; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

The Company had no gearing at the year end (2020 - nil).

## 17. Commitments and contingencies

At 30 September 2021 there were no contingent liabilities in respect of outstanding underwriting commitments or uncalled capital (2020 - £nil).

## 18. Financial instruments measured at Fair Value

	2021				2020			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss								
Investments	244,514	-	-	244,514	242,316	-	-	242,316
Total	244,514	-	-	244,514	242,316	-	-	242,316

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments the fair value of which is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Level 3 reflects financial instruments the fair value of which is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

There were no transfers of investments between levels during the year ended 30 September 2021 (2020 - none).

## 19. Notes to the Cash Flow Statement

### (a) Reconciliation of operating profit/(loss) to operating cash flows

	2021 £'000	2020 £'000
Profit/(loss) before taxation	24,321	(26,230)
Add interest payable	28	50
Adjustments for:		
(Gains)/losses on investments	(19,651)	32,210
Currency losses/(gains)	11	(10)
Increase in accrued income and prepayments	(106)	(71)
Decrease in trade and other payables	(9)	(18)
	4,594	5,931



(b) Analysis of changes in net funds

	30 September 2020 £'000	Cash flow £'000	Exchange movements £'000	30 September 2021 £'000
Cash at bank	8,556	(4,594)	(11)	3,951

20. Related party transactions

The following are considered to be related parties:

- The Directors of the Company.

All material related party transactions, as set out in International Accounting Standards 24, Related Party Disclosures, have been disclosed in the Directors' Report, the Directors' Remuneration Report and note 4.

Details of the remuneration of all of the Directors can be found on pages 29 and 30.

21. Alternative Investment Fund Managers Directive ('AIFMD')

In accordance with the AIFMD, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Juniper Partners, 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 AIFM's relevant reporting period (year ending 30 April 2021) are available from Juniper Partners on request.

The Company's maximum and actual leverage levels at 30 September 2021 are shown below:

	Gross Method	Commitment Method
Maximum limit	200%	200%
Actual	98%	100%

The Company's investor disclosure document and all additional periodic disclosures required in accordance with the requirements of the FCA Rules implementing the AIFMD in the UK are made available on the Company's website ([www.tigt.co.uk](http://www.tigt.co.uk)).

# ALTERNATIVE PERFORMANCE MEASURES

## NAV Total Return

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.

	2021	2020
Opening NAV per share	72.60p	83.50p
Increase/(decrease) in NAV per share	5.12p	(10.90)p
Closing NAV per share	77.72p	72.60p
% increase/(decrease) in NAV	7.1%	(13.1)%
Impact of reinvested dividends	3.1%	4.0%
NAV total return	10.2%	(9.1)%

## Share Price Total Return

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.

	2021	2020
Opening share price	72.00p	84.40p
Increase/(decrease) in share price	4.60p	(12.40)p
Closing NAV share price	76.60p	72.00p
% increase/(decrease) in share price	6.4%	(14.7)%
Impact of reinvested dividends	3.2%	3.1%
Share price total return	9.6%	(11.6)%

## Premium/(Discount)

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

		2021	2020
NAV per share	a	77.72p	72.60p
Share price	b	76.60p	72.00p
(Discount)/Premium	c c=(b-a)/a	(1.4)%	(0.8)%

## Ongoing Charges

Management fees and other operating costs incurred in the reporting period, calculated as a percentage of average net assets in that year. Operating costs exclude costs of buying and selling investments, interest costs, taxation and the direct costs of buying back or issuing Ordinary shares.

	2021 £'000	2020 £'000
Management fee	1,611	1,640
Other operating expenses	649	554
Discount control costs	51	60
Total operating costs	2,311	2,254
Average net assets	250,950	252,331
Ongoing charges ratio	0.92%	0.89%

## Dividend Yield

The annual dividend expressed as a percentage of the share price.

		2021	2020
Dividend per share	a	1.96p	2.78p
Share price	b	76.60p	72.00p
Dividend yield	c c=a/b	2.6%	3.9%

# GLOSSARY OF TERMS AND DEFINITIONS

## **Benchmark**

A market index which averages the performance of companies in any given sector, giving a good indication of any rises or falls in the market.

## **Convertibles**

Fixed income securities which can be converted into equity shares at a future date.

## **Discount**

The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

## **Gearing**

Total gearing is the proportion of the Company's net assets financed by borrowings. Gearing is used to increase exposure to securities, with the aim of magnifying the impact on net assets of rises in the value of the portfolio, and to augment the investment base from which income is received. The use of gearing magnifies the impact of both negative and positive changes in the Company's net asset value. A level expressed as 0% indicates there is no gearing.

## **Gross Assets**

Gross assets is the value of investments plus cash.

## **Leverage**

For the purposes of the AIFMD, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment basis. Under the gross method, exposure represents the sum of the Company's positions after the deduction of Sterling cash balances, without taking account of any hedging and netting arrangements. Under the commitment method, exposure is calculated without deduction of Sterling cash balances and after certain hedging and netting positions are offset against each other.

## **Net Asset Value (NAV)**

The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

## **Ongoing Charges**

Management fees and other operating costs (excluding costs of buying and selling investments, interest costs, taxation and the direct costs of buying back or issuing Ordinary shares), expressed as a percentage of the average of the end of day daily net assets during the year.

## **Premium**

The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

## **Total Assets**

Total assets is the value of investments plus cash and debtors.

## **Total Return**

Total return involves reinvesting the net dividend in the time the share price is quoted *xd*. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date to which that dividend was earned, e.g. quarter end, half year or year end date.

# TEN YEAR RECORD

## Ten Year Financial Record

Year to 30 September	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue available for ordinary dividends (£'000)	3,245	5,194	5,308	6,039	6,962	8,325	7,851	7,747	7,015	5,632
Per share										
Net revenue return (p)	2.16	2.21	2.25	2.42	2.59	2.90	2.73	2.70	2.11	1.68
Net dividends paid/proposed (p)	2.03	2.13	2.23	2.33	2.43	2.56	2.67	2.75	2.78	1.96
Total return (p)	7.04	6.66	6.00	6.94	9.96	4.77	3.02	7.26	(7.93)	7.22
As at 30 September										
Net asset value per share (p)	55.18	60.22	64.05	68.87	76.41	78.64	79.04	83.50	72.60	77.72
Shareholders' funds (£m)	124.53	145.78	153.39	178.25	215.46	228.69	224.06	245.46	251.69	248.62

## Cumulative Performance

(% of 30 September 2011 value)

As at 30 September	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
NAV capital return	100	111.2	120.5	128.2	137.9	153.1	156.9	158.1	167.3	145.3	155.5
Share price capital return	100	112.8	121.9	129.5	139.8	155.1	156.2	157.8	170.1	145.1	154.3
FTSE All-Share Index capital return	100	113.0	129.7	133.1	125.7	141.5	152.6	155.5	153.0	123.7	152.9
NAV total return†	100	116.4	129.9	143.1	159.3	182.9	193.7	201.9	221.4	199.3	219.7
Share price total return†	100	118.0	131.2	144.3	161.1	185.0	192.3	201.0	224.6	198.5	217.5
FTSE All-Share Index total return†	100	117.2	139.4	147.9	144.5	168.9	189.0	200.1	205.5	171.4	219.2

† Total return figures are based on reinvestment of net income.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the thirty-third Annual General Meeting of the Members of Troy Income & Growth Trust plc (the 'Company') will be held at the offices of Juniper Partners Limited, 28 Walker Street, Edinburgh EH3 7HR on 19 January 2022 at 10.00 am to transact the following business:

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

1. To receive and adopt the reports of the Directors and auditor and the audited financial statements for the year to 30 September 2021.
2. To approve the Directors' Remuneration Report for the year to 30 September 2021.
3. To approve the dividend policy of the Company as set out in the Annual Report.
4. To re-elect David Warnock as a Director of the Company.
5. To re-elect Roger White as a Director of the Company.
6. To re-elect David Garman as a Director of the Company.
7. To elect Brigid Sutcliffe as a Director of the Company.
8. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company.
9. To authorise the Directors to determine the remuneration of the auditors of the Company.
10. That, in substitution for any pre-existing power 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 £26,325,000, such authority to expire on 31 March 2023 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 as special resolutions:**

11. That, subject to the passing of resolution 10 in the notice convening the meeting at which this resolution is to be proposed (the "notice of meeting") and in substitution for all existing powers, the Directors be and are hereby generally empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 (1) of the Act) for cash pursuant to the authority under section 551 of the Act conferred by resolution 10 in the notice of meeting as if section 561 of the Act did not apply to any such allotment, provided that this power:
  - (i) expires on 31 March 2023 or, if earlier, at the conclusion of the next Annual General Meeting of the Company, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if that power had not expired; and
  - (ii) shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £7,897,000.

This power applies in relation to the sale of shares which is an allotment of equity securities that immediately before the allotment are held by the Company as treasury shares as if in the opening paragraph of this resolution the words "subject to the passing of resolution 10 in the notice convening the meeting at which this resolution is to be proposed (the "notice of meeting")" and "pursuant to the authority under section 551 of the Act conferred by resolution 10 in the notice of meeting" were omitted.

12. That, in addition to the authority granted in resolution 11 and subject to the passing of resolution 10 in the notice convening the meeting at which this resolution is to be proposed (the "notice of meeting") and in substitution for all existing powers, the Directors be and are hereby generally empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 (1) of the Act) for cash pursuant to the authority under section 551 of the Act conferred by resolution 10 in the notice of meeting as if section 561 of the Act did not apply to any such allotment, provided that this power:
  - (i) expires on 31 March 2023 or, if earlier, at the conclusion of the next Annual General Meeting

# NOTICE OF ANNUAL GENERAL MEETING

of the Company, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if that power had not expired; and

- (ii) shall be limited to the allotment of equity securities for cash in connection with the Company's discount control mechanism up to an aggregate nominal amount of £7,897,000.

This power applies in relation to the sale of shares which is an allotment of equity securities that immediately before the allotment are held by the Company as treasury shares as if in the opening paragraph of this resolution the words "subject to the passing of resolution 10 in the notice convening the meeting at which this resolution is to be proposed ("the notice of meeting")" and "pursuant to the authority under section 551 of the Act conferred by resolution 10 in the notice of meeting" were omitted.

- 13. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be generally and unconditionally 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 fully paid Ordinary shares of 25p each in the capital of the Company ("shares") provided that:

- (i) the maximum aggregate number of shares hereby authorised to be purchased is 47,353,782 or, if less, the number representing 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution (excluding treasury shares);
- (ii) the minimum price which may be paid for a share shall be 25p (exclusive of expenses);
- (iii) the maximum price (exclusive of expenses) which may be paid for a share shall be an amount being not more than the higher of (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares 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

relating to a share on the trading venue where the purchase is carried out; and

- (iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 31 March 2023 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, at any time prior to such expiry, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

- 14. That a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company.

By Order of the Board

Juniper Partners Limited  
Secretary

Registered Office  
28 Walker Street Edinburgh EH3 7HR

15 November 2021

## NOTES

- (i) Given the continued risks posed by the spread of COVID-19 and in accordance with the provisions of the Articles of Association and Government guidance, attendance at the Meeting may not be possible. The Company may impose entry restrictions in order to secure the orderly and proper conduct of the Meeting and the safety of those attending the Meeting. Shareholders are encouraged to vote by proxy and to submit any questions in advance (by email to the Company Secretary at [cossec@junipartners.com](mailto:cossec@junipartners.com)).
- (ii) A member is entitled to appoint a proxy or proxies to exercise all or any of his or her rights to attend, speak and vote on his or her behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. If a member wishes to appoint more than one proxy, he or she should contact the Company's Registrars on 0371 384 2501. The lines are open 8.30 am to 5.30 pm Monday to Friday, excluding English public holidays. The Equiniti overseas helpline number is +44 121 415 7047.
- (iii) A form of proxy for use by members is enclosed with this Annual Report. Completion and return of the form of proxy will not prevent any member from attending the Meeting and voting in person. To be valid, the form of proxy should be lodged, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, at the address stated thereon, so as to be received not less than 48 hours (excluding non-working days) before the time of the Meeting.
- (iv) Members may register the appointment of a proxy or voting instruction for the meeting by logging onto [www.sharevote.co.uk](http://www.sharevote.co.uk) and using the series of numbers made up of the Voting ID, Task ID and Shareholder Reference Number printed on the 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 less than 48 hours (excluding non-working days) before the time of the Meeting. 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](http://www.sharevote.co.uk) and may be read by logging onto the site.
- (v) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the Meeting a member must first have his or her name entered in the Company's register of members at 6.30 pm on 17 January 2022 (or, in the event that the Meeting is adjourned, at 6.30 pm on the day which is two business days before the time of the adjourned meeting). Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the Meeting.
- (vi) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the website [www.euroclear.com](http://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.
- (vii) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, 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, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID RA 19) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. 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 Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (viii) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. 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

# NOTICE OF ANNUAL GENERAL MEETING

time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

- (ix) 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.
- (x) If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to [www.proxymity.io](http://www.proxymity.io). Your proxy must be lodged not less than 48 hours (excluding non-working days) before the time of the Meeting in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
- (xi) The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ('nominated persons'). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes (ii) and (iii) above do not apply to Nominated Persons. The rights described in these notes can be exercised only by members of the Company.
- (xii) No Director has a service contract with the Company but copies of Directors' letters of appointment will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) from the date of this notice and at the location of the Meeting for at least 15 minutes prior to the Meeting and during the Meeting.
- (xiii) As at close of business on 15 November 2021 (being the latest practicable date prior to publication of this document), the Company's issued share capital (excluding treasury shares) comprised 315,902,487 Ordinary shares of 25p each. The total number of voting rights in the Company as at 15 November 2021 is 31,609,500.
- (xiv) Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy will need to ensure that

both he or she and such third party complies with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.

- (xv) Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
- (xvi) The members of the Company may require the Company to publish, on its website, a statement setting out any matter relating to the audit of the Company's Annual Report, including the Auditor's Report and the conduct of the audit, which they intend to raise at the next Meeting of the Company. The Company will be required to do so once it has received such requests from either: (a) members representing at least 5% of the total voting rights of the Company, or (b) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state the member's full name and address, and be sent to: the Company Secretary, Troy Income & Growth Trust plc, 28 Walker Street, Edinburgh EH3 7HR.
- (xvii) Members meeting the threshold requirements set out in the Companies Act 2006 have the right: (a) to require the Company to give notice of any resolution which can properly be, and is to be, moved at the Meeting pursuant to section 338 of the Companies Act 2006; and/or (b) to include a matter in the business to be dealt with at the Meeting, pursuant to section 338A of the Companies Act 2006.
- (xviii) Information regarding the Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's website, [www.tigt.co.uk](http://www.tigt.co.uk).
- (xix) Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the Meeting put by a member attending the Meeting unless:
  - (a) answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information;
  - (b) the answer has already been given on a website in the form of an answer to a question; or
  - (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
- (xx) Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of Annual General Meeting or in any related documents (including the form of proxy) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.



# CORPORATE INFORMATION

## Manager

Troy Asset Management Limited  
33 Davies Street  
London W1K 4BP  
[www.taml.co.uk](http://www.taml.co.uk)

## Secretary

Juniper Partners Limited  
28 Walker Street  
Edinburgh EH3 7HR  
Registration Number: 366565 (Scotland)  
Telephone: 0131 378 0500

## Registered Office

28 Walker Street  
Edinburgh EH3 7HR

## Alternative Investment Fund Manager

Juniper Partners Limited

## Independent Auditors

PricewaterhouseCoopers LLP

## Solicitors

Dickson Minto W.S.

## Bankers & Custodian

J.P Morgan Chase Bank N.A.

## Depository

J.P Morgan Europe Ltd.

## Stockbrokers

Numis Securities Ltd.

## Share Price and Net Asset Value

The share price of the Ordinary shares, which are listed on the main market of the London Stock Exchange, is quoted in the following newspapers:

Financial Times

The Times

The Daily Telegraph

The Company's Net Asset Value is calculated daily and announced to the London Stock Exchange.

## Company Registration Number

111955 (Scotland)

## 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 Company's website at [www.tigt.co.uk](http://www.tigt.co.uk)

## Regulatory Status

As an investment trust pursuant to section 1158 of the Corporation Tax Act 2010, the FCA rules in relation to non-mainstream investment products do not apply to the Company.

## Registrars and Transfer Office

In the event of queries regarding your shares please contact the Registrar:

Equiniti Limited

Aspect House

Spencer Road

Lancing

West Sussex BN99 6DA

Telephone 0371 384 2501

Overseas Helpline +44 121 415 7047

Lines are open 8.30 am to 5.30 pm Monday to Friday, excluding English public holidays.

Changes of name or address must be notified in writing to the Registrars at the above address.

## Shareview Website

The Registrars provide an on-line service that enables Shareholders to access details of their shareholdings. A shareholder wishing to view the information, together with additional information such as indicative share prices and details of recent dividends, should visit [www.shareview.co.uk](http://www.shareview.co.uk).

## Shares held in Nominee Names

Where notification has been received in advance, the Company will provide nominee companies with copies of shareholder communications for distribution to their customers. Shareholders who hold their shares in nominee names may, if appointed as a proxy by the nominee company, attend and speak at general meetings.

## SIPPS and ISAs

The Company's Ordinary shares are available for investment in SIPPs and ISAs.

## AIC

The Company is a member of the Association of Investment Companies (AIC).

## Website

[www.tigt.co.uk](http://www.tigt.co.uk)

## Legal Notice

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TROY  
INCOME &  
GROWTH  
TRUST PLC

How to contact us

Tel: 0131 378 0500  
Email: [cosec@junipartners.com](mailto:cosec@junipartners.com)

[www.tigt.co.uk](http://www.tigt.co.uk)

Calls to the above may be recorded.

Troy Income & Growth Trust plc  
28 Walker Street  
Edinburgh  
EH3 7HR

Registered in Scotland with registered no 111955