STS Global Income
& Growth Trust plc

Half-yearly financial report

Six months to 30 September 2023

TROY
ASSET MANAGEMENT

www.stsplc.co.uk

About STS Global Income & Growth Trust

What we do

STS Global Income & Growth Trust plc (the 'Company' or 'STS') is a UK-based investment trust, managed by Troy Asset Management Limited (the 'Manager' or 'Troy'), which invests in a portfolio of global equities. It aims to meet the needs of investors looking for a growing level of income and steady capital growth over the long term, whilst also wanting to preserve the value of their money.

A quality investment approach

The Company seeks to invest in a small number of companies (typically 30 – 50) which the Manager deems to be high-quality and hold them for very long periods to capture the compounding power of those companies.

Dependable income

The Company aims to provide a steady, regular income with the intention of growing this consistently from year to year. Dividends are paid quarterly in April, July, October and January.

Experienced team

The Company is managed by James Harries at Troy, alongside Tomasz Boniek. James has more than 20 years experience of managing global equity income strategies, with an average annual total return of 9%.

Discount management

The Company introduced a discount control mechanism in November 2020 which aims to ensure, in normal market conditions, that the shares trade consistently close to their net asset value, providing liquidity for all shareholders. Under the discount control mechanism, the Company has committed to buying back shares when there is excess supply and issuing shares when there is excess demand.

Independent oversight

The Company is overseen by an independent Board. By engaging with and listening to shareholders, the Board ensures that the Company continues to offer a distinctive investment proposition that is relevant to investors' needs.

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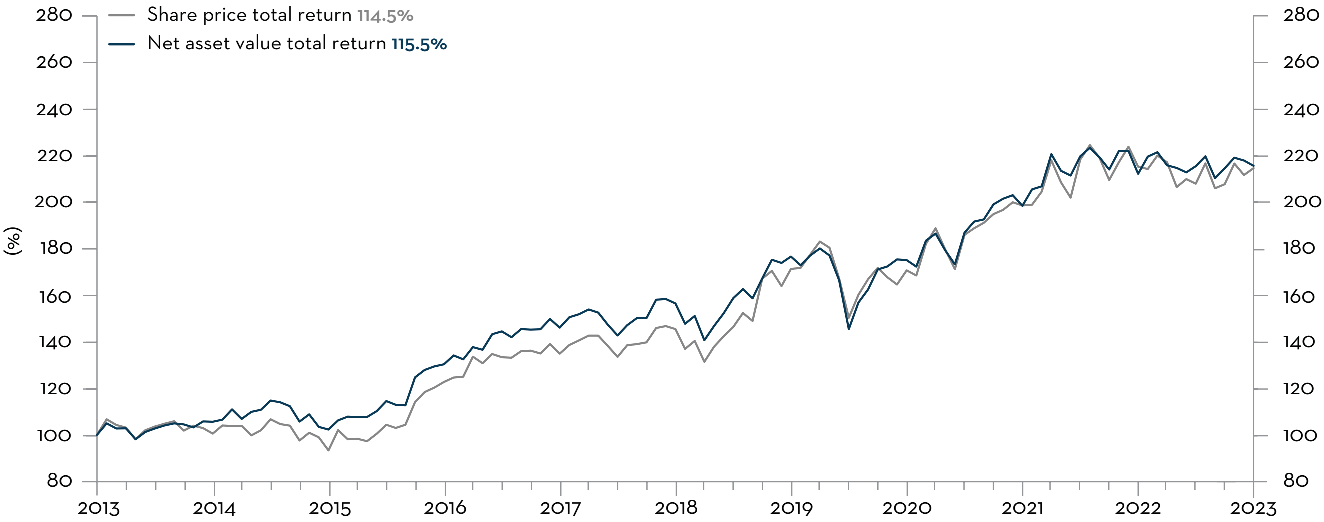
Financial highlights

Long-term capital growth



Source: LSEG Data & Analytics

Total return^ (including reinvested dividends)

	Six months ended 30 September 2023 %	Six months ended 30 September 2022 %
Net asset value per share	0.7	(2.7)
Lipper Global – Equity Global Income Index	0.5	(5.9)
Share price	3.2	(1.4)

Key data

	As at 30 September 2023	As at 31 March 2023
Net asset value per share (cum income)^	220.09p	220.37p
Net asset value per share (ex income)^	216.67p	218.37p
Share price	219.00p	214.00p
Discount^	(0.49%)	(2.89%)
Net assets	£206,657,000	£219,235,000

Income

	Six months ended 30 September 2023	Six months ended 30 September 2022
Revenue per share	3.31p	3.43p
Dividend per share	3.05p	2.90p

^ For details of all Alternative Performance Measures refer to page 18.

Interim management report

Chairman's statement

"The proposed combination with Troy Income & Growth Trust is an excellent opportunity for shareholders to benefit from increased scale and reduced costs."

Introduction

For the six-month period to 30 September 2023 the net asset value total return for your Company was +0.7%, in line with the +0.5% total return from the benchmark, the Lipper Global – Equity Global Income Index.

There was a slight narrowing of the discount to net asset value at which the share price traded over the period from 2.9% to 0.5% which resulted in a share price total return of +3.2%.

Equity and more recently bond markets around the world have faced a challenging background, during the period under review. Short term interest rates continued to rise. The debate has moved on from how high would rates go, to how long rates will remain at current levels – suggesting that we are close to or at the peak in the current rate cycle. In the US, in particular, stubbornly resilient growth in the economy is forcing the Federal Reserve to signal a 'higher for longer' stance on rates, as the strength of demand continues to present inflationary pressures on the economy. By contrast, in the UK and Europe where growth is weaker the rate of inflation appears to have peaked, but the rate of decline is disappointing and likewise leading to rates predicted to remain at current levels for some time.

Financial markets have also had to cope with an increasingly uncertain geopolitical backdrop, due to the ongoing conflicts in Ukraine and the Middle East.

Consequently, the low nominal returns detailed above are no surprise and equity markets have struggled to generate consistent positive returns in the face of economic and political uncertainty.

More recently, bond markets in the US and UK have seen yields rise to in excess of 5% – comfortably the highest level since 2008. The medium term implication of such rises in yields are seen in higher financing cost for companies and financial investors (including venture capital and private equity funds). After a prolonged period of (what can now be described as) abnormally low rates, it remains to be seen how markets adapt to a return to what was normality ahead of the financial crash in 2007/08.

Revenue and earnings

Total revenue for the period was £4.0m and Revenue earnings per share were 3.31p. These earnings are lower than the previous comparable period. As discussed in the statement last year, movements in £/US$ exchange rate can have an impact on the level of revenue earned in sterling terms. The average £/US$ rate in this first half has been 1.259 compared with 1.217 in the previous comparable period.

Underlying dividends declared by your Company's investments have been encouraging and this is a sound indicator of the quality of the companies which the Manager has chosen to invest in.

A first quarterly dividend of 1.525p per share was paid to shareholders on 27 October 2023. This represented a 5.2% increase on the equivalent payment in 2022. The Board's policy is to declare three equal dividends for the first three quarterly payments and consider the fourth quarterly dividend once clarity on earnings for the full year is available around the time of the year end.

Interim management report continued

Proposed merger with Troy Income & Growth Trust plc

On 28 November 2023 it was announced that agreement had been reached between the Boards of your Company and Troy Income & Growth Trust plc ('TIGT') for a proposed combination of STS with the assets of TIGT. This combination is subject to approval by the shareholders of both companies, and you will receive documents in respect of this transaction in February 2024.

Your Board considers the proposed merger to be an excellent opportunity for your Company and shareholders will benefit from an increase in scale allowing the enlarged STS to spread its fixed costs over a larger asset base. It has been agreed that the management fee charged on the enlarged company will be reduced to 0.55% of shareholders' funds up to £250m and 0.50% above £250m (currently the fee is 0.65% of shareholders' funds). Troy is also making a significant cost contribution in the form of an 18-months fee waiver on the assets transferred from TIGT to the Company.

It is expected that the transaction will be complete by your Company's year end on 31 March 2024. When transferred, the assets of TIGT will be invested in line with the current STS portfolio and there will be no change to the investment process, philosophy or personnel managing the portfolio.

Discount management

Your Board has adopted and implements a formal discount control mechanism, with the objective of ensuring that the share price consistently trades close to net asset value per share. Shares are bought in or sold, at the appropriate times, to manage this objective. During the period under review, 5,585,197 shares were purchased at an average discount of 1.9%.

The consistent application of the discount control mechanism should mean that, over the long term, the net asset per share total return and the share price total return should be very similar. However, it is possible that, in the short term, these respective returns can deviate due to small movements in the discount/premium, particularly in periods of low nominal returns.

Borrowing facilities

Your Company entered into new borrowing agreements in the period as the seven year term of the previous agreement expired in September. A new three year revolving credit facility ('RCF') was agreed with The Royal Bank of Scotland International for £20m with an additional £5m being available, should it be considered necessary.

Outlook

At the core of your Manager's philosophy is the preservation of capital and the objective of delivering above average returns with below average volatility. In particular, the Manager seeks to provide some protection from significant drawdowns in weaker markets. The political and economic background around the world might suggest that higher bond yields and rising political tension may be a precursor to a period in which equity markets find it hard to make consistent progress.

In such periods, your Manager's process and consistent application of their philosophy should stand your Company in a relatively strong position. Your portfolio consists of a group of carefully chosen companies that have high and defendable operating margins, pricing power and in particular strong balance sheets supported by robust free cash flow.

These attributes should stand the Company in good stead in the current uncertain world.

John Evans
Chairman

13 December 2023

Interim management report continued

Manager's review

> Our quality focussed, conservatively managed portfolio of dependable and resilient businesses leaves the Company well placed for the challenging economic backdrop.

After a bright start to the year, broader world equity markets have been meandering over the summer. The MSCI Equal Weighted Net Total Return Index, used to reduce the distortion of the highly concentrated MSCI World Index and associated AI excitement, returned 0.12% in sterling terms over the six month period under review. The benchmark for the Company did slightly better at 0.5% and the Company share price better still.

The strongest contributor to performance during the half-year was Domino's Pizza ('Domino's'). In July the company benefited from the appointment of a new CEO and strong results. The new CEO, Andrew Rennie, is a known quantity having been regarded as a potential leader for the business as early as 2019. Andrew has a long experience in Domino's Pizza Enterprises in Australia, and we have no doubt that he is the right person for the role. Meanwhile, the company continues to grow sales at a healthy pace, supported by better execution and the collaboration with Just Eat. During September we started reducing our position in Domino's as the valuation improved. We currently have a 2.1% position.

Admiral Group ('Admiral') was strong following a positive update at the half year results. UK car insurers have had a torrid 18 months as high claims inflation combined with record low insurance premiums following the pandemic have led to a squeeze on underwriting profits. This has led to competitors such as Direct Line and Sabre Insurance issuing multiple profit warnings. As it has done numerous times over its 20+ year history, Admiral executed exceptionally through this market cycle, raising rates ahead of peers in the face of rising claims costs, allowing it to protect profits. In its most recent results, Admiral claimed it has reached pre-pandemic levels of profitability on policies written in 2023. As the wider market scrambles to belatedly raise rates, Admiral should continue to take market share.

Novartis also made a decent contribution, rising strongly in September following a lacklustre period. This may be explained by the fact that the company was preparing to spin-off its generic drug company, named Sandoz. The Company received shares in this business, which we then sold, favouring the remaining, now more focussed company which other investors also appear to have preferred.

ADP appreciated over this time. As investors worry about a potential spike in unemployment following the Federal Reserve's tightening cycle, the company was penalised by the market at the beginning of the year. However, we argue that the pendulum has swung too far to the pessimistic side and ADP regained some ground. As the economic horizon darkens, it is useful to remind ourselves that these companies are less sensitive to unemployment than the market believes. The company remains a core long term investment.

Nintendo is a business which is benefitting from the positively received launch of several games including The Legend of Zelda: Tears of the Kingdom and Super Mario Bros. Wonder. This is helping to underpin profitability while investors wait for the release of a replacement to the current Switch console. This will be called Switch Pro and is likely to be launched in 2024. We continue to believe the company is good value and are excited about the value of the company's timeless intellectual property and the prospect of a new hardware cycle in the coming years.

The single biggest detractor was the Link REIT. Investors are not unreasonably concerned about the effect of the rapid increase in interest rates on this sector and company. Having been recapitalised and with underlying exposure to defensive assets we believe this company is well placed to buy distressed assets as others seek to reduce debt levels. If interest rates are close to reaching a peak, as we believe, the shares should perform better in the coming months.

Interim management report continued

Next was Diageo, reflecting worries over a potential slowdown in the US as sales data continues to be soft. Additionally, with a new CEO (Debra Crew) and an investor day planned for mid-November, there is a degree of uncertainty around strategy. However, the first set of results from the new CEO in August was robust. While there is some weakness in the US, the underlying spirits category continues to take market share, Diageo remains uniquely positioned to capture its fair share of growth.

Also within the consumer staples sector, Hershey declined after years of strong performance. The company has had tremendous success in increasing prices during 2022 without any significant effect on volumes. The ability to raise prices to cover inflation is a testament to the dominant market position of this company as well as the strength of the brand. As we lap those strong price increases, sales growth is slowing, and volumes are starting to turn negative. There have also been some concerns that a new category of weight-loss drugs may diminish the demand for this popular but sugary product. We view these concerns as over-stated given the length of time that such an eventuality becomes impactful, even if the concerns prove credible.

British American Tobacco was also weak as it was impacted by ever-present regulatory concerns, as well as softness in demand for combustibles in the US. This fear was confirmed at the recent results whereby the company lowered medium term guidance. Further, and consistent with the company's stated aim to be smoke-free by 2035, the value of the brands in the US acquired from Reynolds in 2016 are to be written down to zero over 30 years. This led to further share price weakness. We continue to believe the shares offer exceptional value for what remains a highly cash generative company. We also note that the brand write down is a non-cash item that does not impact profitability and therefore the company's ability to continue to fund its dividend for many years to come.

Finally, the most recent purchase in the portfolio, Texas Instruments, lost ground. We established an initial investment in this business in October 2022 at an attractive valuation. Cognizant of the inherent cyclicality of the end markets for this business, which include industrial, automotive and personal electronics, we allocated 2% of the Company to this holding. The quality of the business warrants a more substantial investment, in time.

Outlook

While equity markets have lacked direction, government bond markets have been on the move. Over this period the US 10-year yield has risen from 3.47% to 4.57%. This updraft may be a result of several factors, including the influence of other major bond markets, notably Japan, concerns over large-scale upcoming issuance and, most likely, a belief that growth is proving impervious to higher interest rates. Whatever the cause, it represents a significant change in the relative price of government bonds to equities. 4.57%, when compared to an historic earnings yield for the S&P 500 of 4.80%, implies a further compression of the equity risk premium.

Perhaps more striking has been the move in inflation-linked bonds. Again, over the same period, the yield on US 30-year US Treasury Inflation Protected Securities has risen from 1.40% to 2.30%. At the same time, the 30-year break-even inflation rate has remained remarkably stable at close to the Federal Reserve's inflation target of 2% (2.40% as at 30 September 2023). At least according to markets, this is not about increasing inflation expectations. It is a function of an expansion in real yields driven by the rise in the nominal interest rate.

At the same time, not only have equities continued to trade towards the upper end of historical valuation measures (the US CAPE remains at 29.3x) but credit spreads have been tightening.

It would seem to us that although a higher cost of capital has been reflected in government bond markets, it has yet to be for risk assets. Time will tell how this apparent contradiction resolves itself – as the effect of the change in interest rates gradually works its way through the economy, this may change to the benefit of our quality focussed, conservatively managed Company.

James Harries

13 December 2023

Statement of Directors' responsibilities

A review of the half year and the outlook for the Company can be found in the Chairman's statement and Manager's review on pages 3 to 6.

Risk and mitigation

The Company's business model is longstanding and resilient to most of the short-term uncertainties that it faces, which the Board believes are effectively mitigated by its internal controls and the oversight of the Manager, as described in the latest annual report. The principal and emerging risks and uncertainties are therefore largely longer-term and driven by the inherent uncertainties of investing in global equity markets. The Board believes that it is able to respond to these longer-term risks and uncertainties with effective mitigation so that both the potential impact and the likelihood of these seriously affecting shareholders' interests are materially reduced.

Risks are regularly monitored at Board meetings and the Board's planned mitigation measures are described in the latest annual report. The Board maintains a risk register and also carries out a risk review as part of its annual strategy meeting.

A detailed explanation of the principal risks and uncertainties facing the Company and how the Board manages them can be found in the 2023 annual report, which can be found on the Company's website www.stsplc.co.uk. In the view of the Board, these principal risks and uncertainties at the year end remain. The Board continue to work with the agents and advisers to the Company to manage these risks. The risks identified are as applicable to the remaining six months of the year as they were to the six months under review.

Going concern status

The Company's business activities, together with the factors likely to affect its future development, performance and position, are continually monitored by the Board.

The financial position of the Company as at 30 September 2023 is shown on the unaudited statement of financial position on page 10. The unaudited statement of cash flow of the Company is set out on page 12.

The Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's assets consist primarily of a diverse portfolio of listed equity shares which, in most circumstances, are realisable within a very short timescale. The Directors are mindful of the principal risks disclosed above. They have reviewed revenue forecasts and the financial position of the Company. They believe that the Company has adequate financial resources and a suitably liquid investment portfolio to continue its operational existence for the foreseeable future and for at least one year from the date of signing of these financial statements. Accordingly, the Directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements.

Related party transactions

During the first six months of the year, no transactions with related parties have taken place which have materially affected the financial position or performance of the Company. There have been no material changes in any related party transaction described in the annual report for the year ended 31 March 2023.

Directors' responsibility statement

The Directors are responsible for preparing the half yearly financial report in accordance with applicable law and regulations. The Directors confirm that, to the best of their knowledge:

- the financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, in particular with Financial Reporting Standard 104 "Interim Financial Reporting" and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the AIC in July 2022;
- the interim management report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months of the financial year and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and charges therein).

By order of the Board

John Evans
Chairman

13 December 2023

Portfolio summary

Portfolio distribution as at 30 September 2023

By region (excluding cash)

	As at 30 September 2023 %	As at 31 March 2023 %
North America	52.8	52.9
Europe	41.4	41.0
Asia	5.8	6.1
	100.0	100.0

By sector (excluding cash)

	As at 30 September 2023 %	As at 31 March 2023 %
Consumer staples	38.2	39.9
Industrials	16.2	6.2
Healthcare	14.1	12.9
Information technology	10.6	20.2
Financials	8.1	6.7
Consumer discretionary	7.0	7.1
Communication services	3.5	3.1
Real estate	2.3	3.9
	100.0	100.0

By asset class (including cash and borrowings)

	As at 30 September 2023 %	As at 31 March 2023 %
Equities	106.6	106.5
Cash	1.1	0.7
Borrowings	(7.7)	(7.2)
	100.0	100.0

Ten largest holdings

	30 September 2023 Market value £000	30 September 2023 % of total portfolio	31 March 2023 Market value £000	31 March 2023 % of total portfolio
Paychex	11,891	5.4	12,274	5.3
Unilever	11,491	5.2	12,081	5.2
Reckitt Benckiser	11,448	5.2	11,824	5.1
British American Tobacco	11,295	5.1	13,070	5.6
PepsiCo	11,054	5.0	11,984	5.1
CME Group	11,039	5.0	9,934	4.2
Philip Morris	9,830	4.5	10,402	4.4
Novartis	9,784	4.5	9,235	3.9
ADP	9,737	4.4	9,294	4.0
Relx	8,885	4.0	9,002	3.8

Unaudited statement of comprehensive income

	Note	(Unaudited) Six months to 30 September 2023			(Unaudited) Six months to 30 September 2022			(Audited) Year to 31 March 2023		
		Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Net losses on investments	5	–	(1,204)	(1,204)	–	(7,283)	(7,283)	–	(8,800)	(8,800)
Net currency (losses)/gains		(22)	(66)	(88)	24	(1,946)	(1,922)	(4)	(869)	(873)
Income	3	4,034	–	4,034	4,269	266	4,535	8,238	266	8,504
Investment management fee		(247)	(459)	(706)	(266)	(494)	(760)	(531)	(985)	(1,516)
Other expenses		(287)	–	(287)	(295)	–	(295)	(625)	–	(625)
Net return before finance costs and taxation		3,478	(1,729)	1,749	3,732	(9,457)	(5,725)	7,078	(10,388)	(3,310)
Finance costs		(83)	(153)	(236)	(85)	(158)	(243)	(171)	(318)	(489)
Net return on ordinary activities before taxation		3,395	(1,882)	1,513	3,647	(9,615)	(5,968)	6,907	(10,706)	(3,799)
Taxation	4	(192)	–	(192)	(215)	–	(215)	(566)	–	(566)
Net return attributable to ordinary shareholders		3,203	(1,882)	1,321	3,432	(9,615)	(6,183)	6,341	(10,706)	(4,365)
Net return per ordinary share	2	3.31p	(1.94p)	1.37p	3.43p	(9.61p)	(6.18p)	6.34p	(10.70p)	(4.36p)

The total columns of this statement are the profit and loss accounts of the Company.

The revenue and capital items are presented in accordance with the Association of Investment Companies ('AIC') Statement of Recommended Practice ('SORP 2022').

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

No operations were acquired or discontinued during the period.

The notes on pages 13 to 17 form part of these condensed financial statements.

Unaudited statement of financial position

	Note	(Unaudited) As at 30 September 2023 £000	(Unaudited) As at 30 September 2023 £000	(Unaudited) As at 30 September 2022 £000	(Unaudited) As at 30 September 2022 £000	(Audited) As at 31 March 2023 £000	(Audited) As at 31 March 2023 £000
Fixed assets							
Investments at fair value through profit or loss	5		219,848		235,338		234,362
Current assets							
Trade and other receivables		1,260		3,415		1,113	
Cash and cash equivalents		2,210		4,414		1,570	
		3,470		7,829		2,683	
Current liabilities							
Bank loans	6	(15,855)		(16,878)		(15,795)	
Trade payables		(806)		(2,848)		(572)	
Dividend payable		–		–		(1,443)	
Total current liabilities		(16,661)		(19,726)		(17,810)	
Net current liabilities			(13,191)		(11,897)		(15,127)
Total net assets			206,657		223,441		219,235
Capital and reserves							
Called up share capital	8	1,223		1,223		1,223	
Capital redemption reserve		78		78		78	
Share premium account		31,808		31,571		31,808	
Special distributable reserve		58,813		72,837		70,924	
Capital reserve		110,023		112,996		111,905	
Revenue reserve		4,712		4,736		3,297	
Total shareholders' funds			206,657		223,441		219,235
Net asset value per ordinary share	2		220.09p		222.86p		220.37p

The Company is registered in Scotland no. SC283272.

The notes on pages 13 to 17 form part of these condensed financial statements.

Unaudited statement of changes in equity

For the period ended 30 September 2023 (Unaudited)	Called up share capital £000	Capital redemption reserve £000	Share premium account £000	Special distributable reserve* £000	Capital reserve* £000	Revenue reserve* £000	Total £000
As at 1 April 2023	1,223	78	31,808	70,924	111,905	3,297	219,235
Net return attributable to shareholders**	–	–	–	–	(1,882)	3,203	1,321
Shares bought back into treasury	–	–	–	(12,111)	–	–	(12,111)
Dividends paid	–	–	–	–	–	(1,788)	(1,788)
As at 30 September 2023	**1,223**	**78**	**31,808**	**58,813**	**110,023**	**4,712**	**206,657**

For the period ended 30 September 2022 (Unaudited)	Called up share capital £000	Capital redemption reserve £000	Share premium account £000	Special distributable reserve* £000	Capital reserve* £000	Revenue reserve* £000	Total £000
As at 1 April 2022	1,223	78	30,762	71,925	122,611	3,058	229,657
Net return attributable to shareholders**	–	–	–	–	(9,615)	3,432	(6,183)
Shares issued from treasury	–	–	809	1,906	–	–	2,715
Shares bought back into treasury	–	–	–	(994)	–	–	(994)
Dividends paid	–	–	–	–	–	(1,754)	(1,754)
As at 30 September 2022	1,223	78	31,571	72,837	112,996	4,736	223,441

For the year ended 31 March 2023 (Audited)	Called up share capital £000	Capital redemption reserve £000	Share premium account £000	Special distributable reserve* £000	Capital reserve* £000	Revenue reserve* £000	Total £000
As at 1 April 2022	1,223	78	30,762	71,925	122,611	3,058	229,657
Net return attributable to shareholders**	–	–	–	–	(10,706)	6,341	(4,365)
Shares issued from treasury	–	–	1,046	2,585	–	–	3,631
Shares bought back into treasury	–	–	–	(3,586)	–	–	(3,586)
Dividends paid	–	–	–	–	–	(6,102)	(6,102)
As at 31 March 2023	1,223	78	31,808	70,924	111,905	3,297	219,235

* These reserves are distributable with the exception of the unrealised portion of the capital reserve (£25,529,000; 31 March 2023: £27,700,000; 30 September 2022: £25,784,000), which is non-distributable.

** The Company does not have any other income or expenses that are not included in the 'Net return attributable to shareholders' as disclosed in the condensed statement of comprehensive income on page 9, and therefore this is also the 'Total comprehensive income' for the period.

The notes on pages 13 to 17 form part of these condensed financial statements.

Unaudited statement of cash flow

	Note	(Unaudited) Six months to 30 September 2023 £000	£000	(Unaudited) Six months to 30 September 2022 £000	£000	(Audited) Year to 31 March 2023 £000	£000
Cash flows from operating activities							
Net return on ordinary activities before taxation			1,513		(5,968)		(3,799)
Adjustments for:							
Losses on investments	5	1,204		7,283		8,800	
Finance costs		236		243		489	
Exchange movement on bank borrowings	7	60		1,877		794	
Purchases of investments*		(2,851)		(7,401)		(22,917)	
Sales of investments*		16,106		9,312		24,316	
Dividend income	3	(4,029)		(4,533)		(8,496)	
Other income	3	(5)		(2)		(8)	
Dividend income received		3,950		4,615		8,523	
Other income received		5		2		8	
Decrease/(increase) in receivables		15		14		(5)	
(Decrease)/increase in payables		(97)		(12)		70	
Overseas withholding tax deducted		(161)		(240)		(612)	
			14,433		11,158		10,962
Net cash flows from operating activities			15,946		5,190		7,163
Cash flows from financing activities							
Repurchase of ordinary share capital		(11,786)		(994)		(3,586)	
Issue of ordinary share capital from treasury		–		2,715		3,631	
Equity dividends paid from revenue		(3,231)		(3,122)		(6,027)	
Interest and fees paid on borrowings		(289)		(240)		(476)	
Net cash flows from financing activities			(15,306)		(1,641)		(6,458)
Net increase in cash and cash equivalents			640		3,549		705
Cash and cash equivalents at the start of the period			1,570		865		865
Cash and cash equivalents at the end of the period	7		2,210		4,414		1,570

* Receipts from the sale of, and payments to acquire investment securities, have been classified as components of cash flows from operating activities because they form part of the Company's dealing operations.

The notes on pages 13 to 17 form part of these condensed financial statements.

Notes to the financial statements

Note 1: Accounting policies

For the period ended 30 September 2023 (and the year ended 31 March 2023), the Company is applying The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'), which forms part of Generally Accepted Accounting Practice ('UK GAAP') issued by the Financial Reporting Council ('FRC') in 2015.

These condensed financial statements have been prepared on a going concern basis in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, FRS 104 Interim Financial Reporting, and the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ('SORP') issued by the AIC in July 2022.

The accounting policies applied for the condensed set of financial statements are set out in the Company's annual report for the year ended 31 March 2023.

Note 2: Returns and net asset value

	(Unaudited) Six months to 30 September 2023	(Unaudited) Six months to 30 September 2022	(Audited) Year to 31 March 2023
Returns per share			
Revenue return (£000)	3,203	3,432	6,341
Capital return (£000)	(1,882)	(9,615)	(10,706)
Total (£000)	1,321	(6,183)	(4,365)
Weighted average number of ordinary shares in issue	96,715,825	100,054,419	100,005,571
Revenue return per ordinary share	3.31p	3.43p	6.34p
Capital return per ordinary share	(1.94p)	(9.61p)	(10.70p)
Total return per ordinary share	1.37p	(6.18p)	(4.36p)
Net asset value per share			
Net assets attributable to shareholders (£000)	206,657	223,441	219,235
Number of shares in issue at period end	93,898,378	100,260,575	99,483,575
Net asset value per share	220.09p	222.86p	220.37p

Notes to the financial statements continued

Note 3: Income

	(Unaudited) Six months to 30 September 2023 £000	(Unaudited) Six months to 30 September 2022 £000	(Audited) Year to 31 March 2023 £000
From listed investments			
UK – equities	1,968	1,932	2,973
Overseas – equities	2,061	2,335	5,257
	4,029	4,267	8,230
Other income			
Deposit interest	5	2	8
	4,034	4,269	8,238

During the six months to 30 September 2023 the Company did not receive any special dividends, which were treated as capital (30 September 2022 and year to 31 March 2023: special dividends of £266,000 received from Admiral Group, which were treated as capital).

Note 4: Taxation

	(Unaudited) Six months to 30 September 2023 £000	(Unaudited) Six months to 30 September 2022 £000	(Audited) Year to 31 March 2023 £000
Irrecoverable overseas withholding tax	192	215	566

Note 5: Investments at fair value through profit or loss

	(Unaudited) As at 30 September 2023 £000	(Unaudited) As at 30 September 2022 £000	(Audited) As at 31 March 2023 £000
Opening book cost	206,662	209,480	209,480
Opening investment holding gains	27,700	35,081	35,081
Opening market value	234,362	244,561	244,561
Acquisitions at cost	2,851	9,769	22,917
Disposal proceeds received	(16,161)	(11,709)	(24,316)
Losses on investments	(1,204)	(7,283)	(8,800)
Closing market value of investments	219,848	235,338	234,362
Closing book cost	194,319	209,554	206,662
Closing investment holding gains	25,529	25,784	27,700
Closing market value	219,848	235,338	234,362

The Company received £16,161,000 (six months ended 30 September 2022: £11,709,000, year ended 31 March 2023: £24,316,000) from investments sold in the six months ended 30 September 2023. The average book cost of these investments when they were purchased was £15,194,000 (six months ended 30 September 2022: £9,695,000, year ended 31 March 2023: £25,735,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of investments.

Note 5: Investments at fair value through profit or loss continued

Transaction costs

During the period, expenses were incurred in acquiring or disposing of investments classified as fair value though profit or loss. These have been expensed through capital and are included within losses on investments in the statement of comprehensive income. The total costs were as follows:

	(Unaudited) Six months to 30 September 2023 £000	(Unaudited) Six months to 30 September 2022 £000	(Audited) Year to 31 March 2023 £000
Acquisitions	4	43	68
Disposals	6	4	11
	10	47	79

Note 6: Bank loans

	(Unaudited) As at 30 September 2023 £000	(Unaudited) As at 30 September 2022 £000	(Audited) As at 31 March 2023 £000
Bank borrowings repayable within one year	15,855	16,878	15,795
	15,855	16,878	15,795

During the period, the Company arranged a new £20m multi-currency revolving credit facility with The Royal Bank of Scotland International Limited, which expires on 19 September 2026. As at 30 September 2023 £15,855,000 was drawn down until 19 December 2023. The amount has been drawn in the same currency split as borrowed under the previous term loan facility at 30 September 2022 and 31 March 2023 – £1,500,000; €4,500,000; and US$12,750,000.

Interest is payable at the aggregate of the compounded Risk Free Rate ("RFR") for the relevant currency and loan period, plus a margin of 1.55%, totalling 6.74%, 5.24% and 6.85% on the GBP, EUR and USD balances respectively (30 September 2022 and 31 March 2023: interest was charged at a fixed rate of 2.1408%, 1.4175% and 3.1925% on the GBP, EUR and USD balances respectively).

Notes to the financial statements continued

Note 7: Analysis of net debt

	(Audited) As at 31 March 2023 £000	Cash flow £000	Exchange movements £000	(Unaudited) As at 30 September 2023 £000
Cash at bank	1,570	640	–	2,210
Bank borrowings	(15,795)	–	(60)	(15,855)
	(14,225)	640	(60)	(13,645)

Note 8: Called up share capital

	(Unaudited) As at 30 September 2023 No. of shares	(Unaudited) As at 30 September 2022 No. of shares	(Audited) As at 31 March 2023 No. of shares
Ordinary shares of 1p			
Shares in issue	93,898,378	100,260,575	99,483,575
Held in treasury	28,400,770	22,038,573	22,815,573
	122,299,148	122,299,148	122,299,148

During the six months ended 30 September 2023 there were 5,585,197 shares bought back into treasury at a cost of £12,111,000 (six months ended 30 September 2022: 429,500 shares bought back into treasury at a cost of £994,000; year ended 31 March 2023: 1,616,500 shares bought back into treasury at a cost of £3,586,000).

During the six months ended 30 September 2023 no shares were issued from treasury (six months ended 30 September 2022: 1,165,000 shares were issued from treasury for net proceeds of £2,715,000; year ended 31 March 2023: 1,575,000 shares were issued from treasury for net proceeds of £3,631,000).

No shares were purchased for cancellation or cancelled from treasury in the current or prior periods.

Note 9: Fair value hierarchy

Under FRS 102, the Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc); or
- Level 3: significant unobservable input (including the company's own assumptions in determining the fair value of investments).

The financial assets measured at fair value through profit and loss are grouped into the fair value hierarchy as follows:

	(Unaudited) As at 30 September 2023 £000	(Unaudited) As at 30 September 2022 £000	(Audited) As at 31 March 2023 £000
Financial assets at fair value through profit or loss – Quoted equities			
Level 1	219,848	235,338	234,362
Level 2	–	–	–
Level 3	–	–	–
Total	219,848	235,338	234,362

There have been no transfers between levels 1, 2 or 3 during the period (30 September 2022 and year ended 31 March 2023: nil).

Note 10: Interim financial report

The financial information contained in this half-yearly financial report does not constitute statutory accounts as defined in S434 – 6 of the Companies Act 2006. The financial information for the six months ended 30 September 2023 and 30 September 2022 has not been audited or reviewed.

The information for the year ended 31 March 2023 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under s498 (2), (3) or (4) of the Companies Act 2006.

Alternative performance measures

The alternative performance measures ('APMs') detailed below are used by the Board to assess the Company's performance against a range of criteria and are viewed as particularly relevant to an investment trust. Other terms detailed below are for reference.

NAV total return

Net asset value ('NAV') total return measures the increase or decrease in NAV per share plus the dividends paid in the period, which are assumed to be reinvested at NAV at the time that the share price is quoted ex-dividend.

		(Unaudited) 30 September 2023	(Unaudited) 30 September 2022	(Audited) 31 March 2023
Opening NAV per share	A	**220.37p**	230.75p	230.75p
Closing NAV per share	B	**220.09p**	222.86p	220.37p
% change in NAV	C=(B-A)/A	**(0.1%)**	(3.4%)	(4.5%)
Impact of dividends reinvested	D	**0.8%**	0.7%	2.7%
NAV total return	E=C+D	**0.7%**	(2.7%)	(1.8%)

Share price total return

Share price total return measures the increase or decrease in share price plus the dividends paid in the period, which are assumed to be reinvested at the share price at the time that the share price is quoted ex-dividend.

		(Unaudited) 30 September 2023	(Unaudited) 30 September 2022	(Audited) 31 March 2023
Opening share price	A	**214.00p**	231.00p	231.00p
Closing share price	B	**219.00p**	226.00p	214.00p
% change in share price	C=(B-A)/A	**2.3%**	(2.2%)	(7.4%)
Impact of dividend reinvested	D	**0.9%**	0.8%	2.6%
Share price total return	E=C+D	**3.2%**	(1.4%)	(4.8%)

Premium/discount to NAV

The amount by which the share price is higher/lower than the NAV per share, expressed as a percentage of the NAV per share.

		(Unaudited) 30 September 2023	(Unaudited) 30 September 2022	(Audited) 31 March 2023
NAV per share	A	**220.09p**	222.86p	220.37p
Share price	B	**219.00p**	226.00p	214.00p
(Discount)/premium	C=(B-A)/A	**(0.49%)**	1.41%	(2.89%)

NAV per share

This is the main measure of the underlying value of a share in an investment company. The NAV (cum income) per share includes undistributed current year income and the calculation is included in note 2. NAV (ex income) per share is calculated by deducting undistributed current year income from the NAV. To determine the NAV (ex income) per share the following calculation is applied:

		(Unaudited) 30 September 2023	(Unaudited) 30 September 2022	(Audited) 31 March 2023
Net assets per statement of financial position	A	**206,657,000**	223,441,000	219,235,000
Current year revenue return	B	**3,203,000**	3,432,000	6,341,000
Dividends paid for the current year	C	**–**	–	4,348,000
NAV (ex income)	D=A-(B-C)	**203,454,000**	220,009,000	217,242,000
Shares in issue at the year-end	E	**93,898,378**	100,260,575	99,483,575
Net asset value per share (ex income)	F=D/E	**216.67p**	219.44p	218.37p

Glossary of terms

Alternative Investment Fund Manager

An Alternative Investment Fund Manager ('AIFM') is an entity that provides certain investment services, including portfolio and risk management services. The Company has appointed Juniper Partners Limited as its AIFM. AIFMs are responsible for managing investment products that fall within the category of alternative investment funds and investment trusts, including the Company, are included in this.

Comparison index

The Company's investment performance (on a total return basis) is measured against the Lipper Global – Equity Global Income Index for comparison purposes.

Discount control mechanism

The policy through which the Company issues shares where there is demand in the market or buys back ordinary shares when there are excess shares available in the market with the aim of ensuring, in normal market conditions, that the shares trade consistently close to their net asset value.

Dividend

Income from an investment in shares. Not all investment companies pay dividends. Dividend income is not guaranteed and may fall as well as rise. The Company pays dividends quarterly in April, July, October and January.

Dividend yield

The annual dividends expressed as a percentage of the current share price.

Ex and cum income

Also shown as 'ex div' or 'xd', this means that, if you buy the shares today, you will not receive the most recently declared dividend.

Shares are being traded all the time on stock markets, so for administrative reasons there needs to be a point when buyers and sellers agree whether they will receive the most recently declared dividend. The point when the shares purchased will no longer receive the dividend is known as the 'ex dividend date' and the shares are said to have 'gone ex dividend'. The share price will normally fall by the amount of the dividend to reflect this.

If you buy the shares when you are still entitled to the most recently declared dividend, this is known as the shares being cum dividend.

Gearing

At its simplest, gearing means borrowing money to buy more assets in the hope the Company makes enough profit to pay back the debt and interest and leave something extra for shareholders. However, if the investment portfolio does not perform well, gearing can increase losses. The more an investment company gears, the higher the risk.

The gearing currently employed is detailed in note 6.

Leverage

Leverage, for the purposes of the AIFM Directive, is any method which increases the Company's exposure to stockmarkets whether through borrowings, derivatives, or any other means. It is expressed as a ratio of the Company's exposure to its NAV. In summary, the gross method measures the Company's exposure before applying hedging or netting arrangements. The commitment method allows certain hedging or netting arrangements to be offset. As at 30 September 2023, the Company had no hedging or netting arrangements.

Net assets

A measure of the size of an investment company. The total value of all assets held, less liabilities and prior charges, including income for the current year.

Share buybacks

Describes an investment company buying its own shares and reducing the number of shares in issue.

Share buybacks can be used to return money to shareholders, but are also often used to tackle the Company's discount.

Discounts may reflect an imbalance between the demand for shares and the number of shares in existence. The hope is that, by reducing the number of shares in existence, the buyback will help to prevent the discount widening or even reduce it.

Share price

The price of a share as determined by the stock market.

If you see a single share price shown, it is likely that this is the mid-market price. This is different to the price at which you buy and sell the shares, which are known as the bid price (sell) and offer price (buy).

Treasury shares

Shares in the Company's own share capital which the Company itself owns and which can be sold to investors to raise new funds.

Treasury shares only come into existence when the Company buys back its own shares. Instead of cancelling the shares (i.e. they cease to exist) they are held 'in treasury' by the Company and can be sold at a later date to raise new funds.

Ways to invest in the Company

The Company's shares qualify for tax efficient wrapper products like individual savings accounts ('ISAs') and self-invested personal pensions ('SIPPs') as well as many other investment wrappers that can be used, including those designated for children.

Platforms, fund supermarkets and online stockbrokers

You can invest using a number of fund platforms and fund supermarkets. Many offer wrapper products like ISAs and SIPPs and children's savings products. A number of real-time execution only stockbroking services also allow you to trade online, manage your portfolio and buy UK listed shares. These services do not offer financial advice and if you are unsure about investing, we recommend that you speak to a qualified financial adviser.

Retail distribution/NMPI status

The Company's shares are 'excluded securities' for the purposes of the rules relating to non-mainstream pooled investment (NMPI) products. This means they can be recommended by independent financial advisers to their ordinary retail clients, subject to normal suitability requirements.

Independent financial advisers

An increasing number of independent financial advisers are including investment trusts within their investment recommendations for clients. To find an adviser who recommends on investment trusts, visit www.unbiased.co.uk.

Private client stockbrokers

If you have a large sum to invest, you may want to contact a private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit the Personal Investment Management & Financial Advice Association: www.pimfa.co.uk.

Registrar

You can buy and sell shares directly by visiting www.linksharedeal.com or by calling the Link dealing team on 0371 664 0445.

To change your address, request tax vouchers or obtain an up to date valuation of your shareholding please visit www.signalshares.com.

Alternatively, contact Link Group on 0371 664 0300 (calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open 9.00am – 5.30pm Mon-Fri).

Trading Codes

(You may be asked for these when investing)

TIDM code:	STS
Sedol:	B09G3N2
ISIN:	GB00B09G3N23

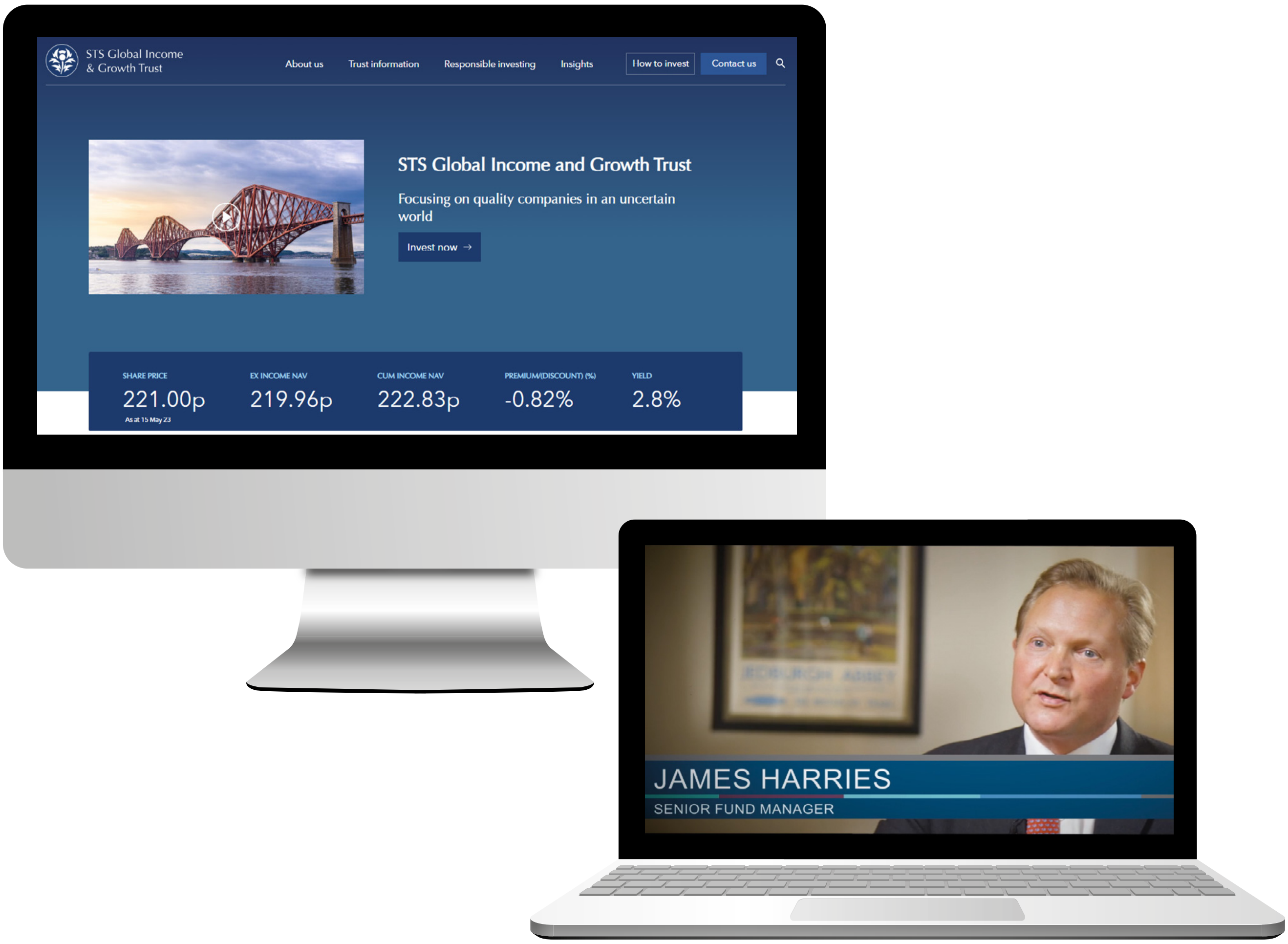
Easy access to information

The Company's website can be found at www.stsplc.co.uk. This offers a wealth of information about the Company.

Register for monthly updates

Subscribe to monthly email updates that offer information on the following:

- latest prices
- manager videos
- performance data
- portfolio information
- latest factsheet
- research
- press releases and articles
- annual and half yearly reports



Enquiries

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Angus Cockburn
Gillian Elcock
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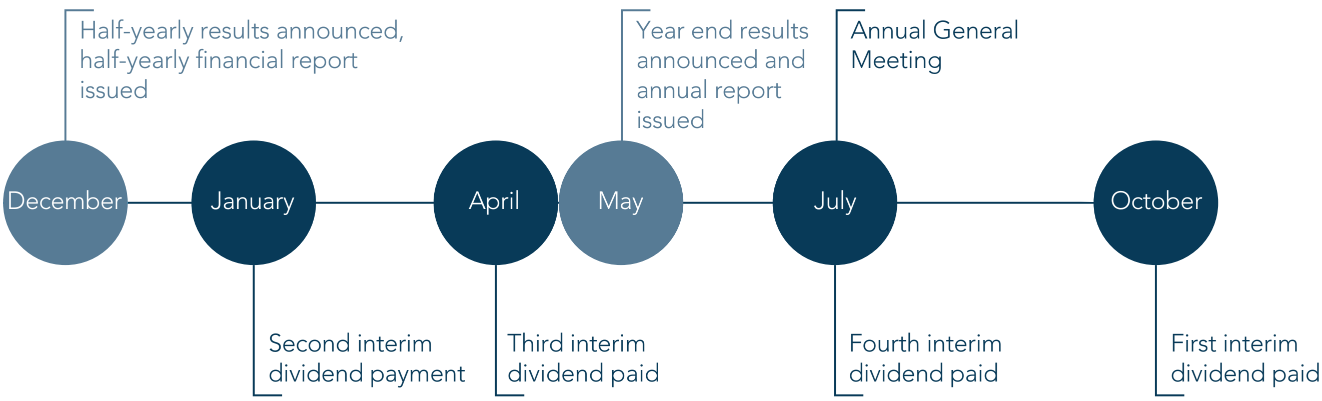
STS Global Income & Growth Trust is a member of the AIC (the trade body of the investment company industry).

Shareholder information

Website: www.stsplc.co.uk

Financial calendar – key dates 2023/24



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