



Proposed Merger Q&A

This document is aimed at providing a summary of some of the key matters surrounding the proposed merger of Troy Income & Growth Trust plc ("TIGT") and STS Global Income & Growth Trust plc ("STS"). Please note that shareholders should reference the relevant TIGT and STS Circulars and the STS Prospectus which will be available in due course for full details of the Proposals including a summary of certain risks.

The information in this document is extracted from the announcements made by TIGT and STS on 28 November 2023. For the full announcements please see links below.

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

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

What has been proposed?

On 28 November 2023 the Boards of TIGT and STS announced that heads of terms have been agreed for a proposed combination of STS with the assets of TIGT.

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

Who needs to approve the Proposals?

The Proposals are subject to the approval of TIGT and STS shareholders, and also to regulatory and tax approvals.

What are the expected timings?

It is intended that the documentation in connection with the Proposals will be posted to shareholders in February 2024, with a view to convening general meetings and completing the Proposals by the end of March 2024.

Who will manage the combined company?

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

Who will be on the Board after the combination?

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

Will there be a fee reduction?

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

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

Will there be a cost contribution from Troy?

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

What is the default position for TIGT shareholders?

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

TIGT shareholders may elect to receive cash in respect of all or part of their holding, with no limit on the number of TIGT shares which can be elected for the cash option. TIGT shareholders electing for the cash option will receive an amount in cash equal to the NAV per TIGT share less 2%, multiplied by the number of TIGT shares elected for the cash option. Full details of how to elect for this option will be contained in the TIGT circular which is expected to be published in February 2024.

What are the benefits of the Proposals for STS shareholders?

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

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

- STS is also an equity income investment trust which targets a growing level of income and steady capital growth over the long term.

- STS provides continued exposure to Troy's investment ethos and process. STS is managed by Troy's global income management team, led by James Harries who has managed global equity portfolios since 2002, following a quality focussed, long-term, conservative investment approach.
- STS has a global approach to achieving its investment objective, providing enhanced opportunities to invest in the world's highest quality companies and to diversify sources of income. However, STS has a similar view to TIGT that the UK is currently an undervalued market and STS, as at 28 November 2023, has 32% of its gross portfolio invested in UK companies, and STS and TIGT currently have 15 stocks in common representing 49% of TIGT's current gross portfolio.
- STS has operated a discount control mechanism since November 2020 which aims to ensure, in normal market conditions, that the shares trade consistently close to their net asset value, providing liquidity for all shareholders.
- The proposed combination will result in reduced overall costs for TIGT shareholders, supported by STS's management fees being reduced following implementation of the Proposals to align with TIGT's existing management fees.
- Significant cost contribution by Troy equivalent to an eighteen-month fee waiver on the assets transferred from TIGT to STS under the Scheme which is expected to reduce TIGT shareholders' exposure to costs in connection with the Proposals.