

**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 immediately from an independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.**

This document comprises a prospectus relating to Troy Income & Growth Trust plc (the "**Company**"). This document has been approved by the Financial Conduct Authority (the "**FCA**"), as competent authority under Regulation (EU) 2017/1129. The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by EU Regulation 2017/1129. Such approval should not be considered as an endorsement of the issuer that is the subject of this prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the Ordinary Shares. This document has been drawn up as part of a simplified prospectus in accordance with Article 14 of Regulation (EU) 2017/1129. This document will be made available to the public in accordance with the Prospectus Regulation Rules by being made available at [www.tigt.co.uk](http://www.tigt.co.uk).

The Directors of the Company, whose names appear on page 17 of this document, and the Company each accept responsibility for the information contained in this document. The Directors and the Company believe that the information contained in this document is, to the best of the knowledge of the Directors and the Company, in accordance with the facts and this document does not omit anything likely to affect the import of such information.

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# **TROY INCOME & GROWTH TRUST PLC**

*(incorporated and registered in Scotland with registered number SC111955  
and registered as an investment company under section 833 of the Companies Act 2006)*

**Issue of New Shares pursuant to a scheme of reconstruction and winding up of  
Cameron Investors Trust plc under section 110 of the Insolvency Act 1986**

**and**

**Issue of up to 80 million New Shares in aggregate pursuant to a Share Issuance Programme**

*Sponsor and Solicitor*  
**Dickson Minto W.S.**

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Applications will be made to the FCA for the New Shares to be admitted to the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the London Stock Exchange's Main Market. It is expected that Admission will become effective and dealings in the New Shares issued pursuant to the Scheme will commence at 8.00 a.m. on 20 November 2019. It is expected that Admission will become effective and dealings in the New Shares issued pursuant to the Share Issuance Programme will commence during the period from 23 October 2019 to 21 October 2020.

The distribution of this document and the offering of New Shares in jurisdictions other than the United Kingdom may be restricted by law or regulation and accordingly persons into whose possession this document comes are required to inform themselves about and observe any such restrictions. No action has been taken to permit the distribution of this document and the offering of New Shares in any jurisdiction outside the United Kingdom where such action is required to be taken. This document does not constitute, and may not be used for the purposes of, an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the Sponsor, the AIFM or the Investment Manager or to any person to whom it is unlawful to make such offer or solicitation. The offer and sale of New Shares is not being made, directly or indirectly, in or into, or by the use of the mails, or by any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia, Japan, the Republic of South Africa or any other Restricted Jurisdiction. Accordingly, copies of this document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from, or to any resident of, the United States, Canada, Australia, Japan, the Republic of South Africa or any other Restricted Jurisdiction and persons receiving this document (including custodians, nominees and trustees) must not mail or otherwise distribute or send it in, into or from such jurisdictions. The New Shares have not been, and will not be, registered under the US Securities Act or under any of the relevant securities laws of, or with any securities regulatory authority of, any state of the United States or of Canada, Australia, Japan or the Republic of South Africa. Accordingly, unless an exemption under such act or laws is applicable, the New Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, Japan or the Republic of South Africa or to, or for the account or benefit of, any resident of the United States, Canada, Australia, Japan or the Republic of South Africa. The Company has not been and will not be registered under the US Investment Company Act and recipients of this document and investors will not be entitled to the benefits of that Act.

Dickson Minto W.S. is authorised and regulated in the United Kingdom by the FCA and is acting as the Sponsor to the Company in relation to the Issues. Dickson Minto W.S. is acting for the Company and is not advising any other person or treating any other person as its client in relation to the Issues or the matters referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the Issues or the matters referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Dickson Minto W.S. under FSMA or the regulatory regime established thereunder, Dickson Minto W.S. does not make any representation, express or implied, or accept any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by it or on its behalf in connection with the Company, the AIFM, the Investment Manager, the Ordinary Shares, the New Shares or the Issues. Accordingly, Dickson Minto W.S., to the fullest extent permitted by law, disclaims all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

**If you are in any doubt about the contents of this prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser before investing in the Company. Potential investors should also consider the risk factors relating to the Company set out on pages 9 to 11 of this document.**

**22 October 2019**

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# SUMMARY

## INTRODUCTION AND WARNING

### *Introduction*

This document relates to the issue of new ordinary shares of 25 pence each (the “**New Shares**”) in the capital of Troy Income & Growth Trust plc (the “**Company**”) in connection with the scheme of reconstruction and voluntary winding up of Cameron Investors Trust plc (the “**Scheme**”) and the issue of further New Shares in accordance with the Company’s discount control mechanism (the “**Share Issuance Programme**”). The ISIN for the Ordinary Shares is GB0003708665. The LEI of the Company is 213800HLNMQ1R6VBLU75 and the registered office is at 10 St Colme Street, Edinburgh, EH3 6AA (Tel: 0131 538 1400).

This prospectus was approved by the Financial Conduct Authority (the “**FCA**”) in the United Kingdom on 22 October 2019. The head office of the FCA is at 12 Endeavour Square, London E20 1JN (Tel: 020 7066 1000).

### *Warning*

The following summary should be read as an introduction to the prospectus. Any decision to invest in the New Shares should be based on a consideration of this document as a whole by the investor. An investor could lose all or part of the invested capital. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national law, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or where it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.

It should be remembered that the price of the Ordinary Shares, and the income from such Ordinary Shares (if any), may go down as well as up. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who understand the potential risk of capital loss (which may be equal to the whole amount invested).

## KEY INFORMATION ON THE ISSUER

### *Who is the issuer of the securities?*

The Company was incorporated and registered in Scotland on 28 June 1988 as a public company limited by shares under the Companies Act 1985 with registered number SC111955. The Company’s LEI is 213800HLNMQ1R6VBLU75. The principal legislation under which the Company operates is the Companies Act 2006.

The Company is a closed-ended investment company and carries on business as an investment trust. The investment 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.

The Company’s alternative investment fund manager is PATAC Limited (the “**AIFM**”). The AIFM has delegated the portfolio management activities relating to the Company to Troy Asset Management Limited (the “**Investment Manager**”). The Directors of the Company are as follows:

- David Warnock (Chairman);
- Jann Brown (Chair of the Audit Committee);
- David Garman; and
- Roger White (Senior Independent Director).

All of the Directors are non-executive directors.

The Company’s auditors are PricewaterhouseCoopers LLP.

As at 18 October 2019 (being the latest practicable date prior to the publication of this document) the Company is aware of the following persons who are interested in three per cent. or more of the Company's issued share capital.

	<i>No. of Ordinary Shares held</i>	<i>Percentage of issued share capital</i>
Clients of Brewin Dolphin Limited	29,019,323	9.67%
Clients of Rathbone Brothers plc	14,296,573	4.77%
Clients of Troy Asset Management Limited	9,852,046	3.28%

The Directors are not aware of any person or persons who could, directly or indirectly, jointly or severally, own or exercise control over the Company or any arrangement, the operation of which may result in a change of control of the Company. There are no different voting rights for any Shareholder in the Company.

***What is the key financial information regarding the issuer?***

Selected financial information relating to the Company which summarises the financial condition of the Company for the financial years ended 30 September 2017 and 30 September 2018 and the six month periods ended 31 March 2018 and 31 March 2019 is set out in the following table.

	<i>Year ended 30 September 2017</i>	<i>Year ended 30 September 2018</i>	<i>Six months ended 31 March 2018</i>	<i>Six months ended 31 March 2019</i>
<b>Net asset value</b>				
Number of Ordinary Shares in issue	290,794,045	283,489,045	288,769,045	284,989,045
Net assets (£'000)	228,692	224,058	213,811	223,731
Net asset value per Share (p)	78.64	79.04	74.04	78.51
<b>Ordinary Share price (p)</b>	<b>77.5</b>	<b>78.3</b>	<b>74.80</b>	<b>79.00</b>
<b>Income</b>				
Total income before operating expenses (£'000)	9,490	9,040	4,180	3,694
Net profit/(loss) (£'000)	8,325	7,851	3,606	3,136
Performance fee (accrued/paid) (£'000)	N/A	N/A	N/A	N/A
Investment Manager fee charged to revenue (accrued/paid) (£'000)	568	569	284	258
Any other material fees (accrued/paid) to service providers (£'000)	460	476	248	250
Revenue return per Ordinary Share (p)	2.90	2.73	1.25	1.1
Dividend per Ordinary Share (p)	2.560	2.665	1.32	1.37
<b>Ongoing charges</b>				
As a percentage of average total Shareholders' funds (%)	0.95	0.96	—	—
<b>Portfolio summary</b>				
Shareholders' funds (£'000)	228,692	224,058	213,811	223,731

***What are the key risks that are specific to the issuer?***

The following are brief descriptions of what the Directors believe, at the time of publication of this document, to be the key material risks specific to the Company.

- The Company aims to conduct its business so as to continue to satisfy the conditions to retain approval as an investment trust under section 1158 of the CTA 2010. Breach of the tests that a company must meet to retain approval as an investment trust company could lead to the Company being subject to tax on capital gains which could have a material adverse effect on the financial position of the Company.

- The Company does not seek to track any benchmark. Accordingly, the portfolio of investments held by the Company will not mirror the stocks and weightings that constitute any particular index or indices, which may lead to the Ordinary Shares failing to follow either the direction or extent of any moves in the financial markets generally (which may or may not be to the advantage of Shareholders). The Ordinary Shares are an unsuitable investment for those who seek investments in some way correlated to a stock market index.
- The Company is likely, from time to time, to maintain a more concentrated portfolio (both in terms of individual holdings and in terms of its exposure to particular industries) than those of many other investment funds. Accordingly, investors should be aware that the portfolio potentially carries a higher level of risk than a more diversified portfolio and the market value of the Ordinary Shares may be more susceptible to market volatility than shares in other investment funds.
- The Company has no employees and all of the Directors have been appointed on a non-executive basis. The Company must therefore rely upon third party service providers to perform certain integral functions (including the Investment Manager, the AIFM, the Depositary and the Registrar). Failure by any service provider to perform its obligations or to exercise due care and skill could have a material adverse effect on the Company's performance.

## **KEY INFORMATION ON THE SECURITIES**

### ***What are the main features of the securities?***

The Ordinary Shares have a nominal value of 25 pence each and are denominated in Sterling. The ISIN of the Ordinary Shares is GB0003708665 and the SEDOL number is 0370866. The ticker code for the Ordinary Shares is TIGT.

As at 18 October 2019 (being the latest practicable date prior to the publication of this document) the issued share capital of the Company comprised 300,029,045 Ordinary Shares and no Ordinary Shares were held in treasury.

Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares, Shareholders have the right to receive notice of, attend and vote at general meetings of the Company. Subject to the provisions of the Companies Act, the Company may from time to time declare dividends and make other distributions on the Ordinary Shares. Shareholders are entitled to participate in the net assets of the Company attributable to their Ordinary Shares on a winding up of the Company or other return of capital.

There are no restrictions on the transferability of the Ordinary Shares.

The Board seeks to pay dividends on the Ordinary Shares at the end of January, April, July and October of each year. 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 paid three interim dividends in respect of the year ended 30 September 2019 of 0.685 pence per Ordinary Share. The Company has declared a fourth interim dividend in respect of the year ended 30 September 2019 of 0.695 pence per Ordinary Share payable on 25 October 2019 to Shareholders on the register at close of business on 11 October 2019. For the avoidance of doubt CIT Shareholders who receive New Shares under the Scheme will not qualify to receive this dividend but will rank equally with the existing Ordinary Shares for all subsequent dividends.

### ***Where will the securities be traded?***

Applications will be made to the FCA for the New Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market. It is expected that such Admissions will become effective, and dealings in the New Shares will commence, on 20 November 2019 in relation to New Shares that are issued under the Scheme and during the period from 23 October 2019 to 21 October 2020 in relation to New Shares that are issued under the Share Issuance Programme.

### ***What are the key risks that are specific to the securities?***

The following are brief descriptions of what the Directors believe, at the time of publication of this document, to be the key material risks specific to the Ordinary Shares.

- The market prices of shares in investment trusts fluctuate independently of their net asset value and can be at a discount or premium to the net asset value at different times, depending on supply and demand, market conditions, general investor sentiment, dividend yields, prevailing interest rates and other factors. Accordingly, the market price of an Ordinary Share may not fully reflect its underlying Net Asset Value per Share.
- Shareholders wishing to realise their investment in the Company may be required to dispose of their Ordinary Shares on the market. Accordingly, the ability of Shareholders to realise any value in respect of their Ordinary Shares is dependent on, *inter alia*, the existence of a liquid market in the Ordinary Shares. Although it is anticipated that the New Shares will be admitted to the Official List and to trading on the Main Market, there may not be a liquid market for the Ordinary Shares and accordingly Shareholders may find it difficult or be unable to realise their investment at the NAV per Share or at all.
- The Company seeks to achieve its investment objective by investing in a portfolio of predominantly UK equities. The price of equity investments may be volatile and may be affected by a wide variety of factors many of which can be unforeseen and are beyond the control of the investee company or Investment Manager. These price movements could result in significant losses for the Company which would impact the returns to Shareholders and may impact the ability of Shareholders to realise their investments.

### **KEY INFORMATION ON THE OFFER**

#### ***Under which conditions and timetable can I invest in this security?***

##### *The Scheme*

It is expected that the New Shares will be issued to certain CIT Shareholders in connection with the Scheme and that Admission in respect of such New Shares will become effective on 20 November 2019.

The Scheme is subject to a number of conditions, including:

- the passing of the Resolutions to approve the Scheme at the CIT General Meetings and the Scheme becoming unconditional in all respects (including the Transfer Agreement becoming unconditional in all respects);
- the FCA agreeing to admit the relevant New Shares to the Official List and the London Stock Exchange agreeing to admit the relevant New Shares to trading on its Main Market, subject only to allotment;
- the CIT Directors not having exercised their right to not proceed with the Scheme if, within seven days after the passing of the Resolutions at the CIT First General Meeting, CIT Shareholders validly exercise their rights under section 111(2) of the Insolvency Act 1986 in respect of more than 10 per cent. in nominal value of the issued share capital of CIT; and
- the Directors not having resolved to not proceed with the Scheme on the basis that it is no longer in the interests of Shareholders to proceed with the Scheme.

If any of the conditions are not satisfied, the Scheme will not become effective and no New Shares will be issued in connection with the Scheme. In these circumstances the Company will still proceed with the Share Issuance Programme.

##### *The Share Issuance Programme*

The Company's policy is to ensure that the Ordinary Shares always trade at close to the NAV per Share through a combination of share buybacks coupled with the issue of New Shares at a small premium to the NAV per Share where demand exceeds supply.



The Board believes that it is important that the Company has the ability to issue Shares at a premium to the NAV per Share to increase liquidity, spread the fixed costs of the Company over a larger asset base and reduce volatility by preventing the build-up of excessive demand for Ordinary Shares.

Any New Shares issued pursuant to the Share Issuance Programme will be issued only: (i) at a premium to the prevailing NAV per Share; (ii) to meet demand from investors; and (iii) when the Directors believe that it is in the best interests of the Company to do so. As New Shares will only be issued at a premium to the prevailing NAV per Share, the issue of such New Shares will not result in a dilution of the NAV per Share.

Subject to the relevant authorities being in place, the Company will issue a maximum of 80 million New Shares under the Share Issuance Programme. Each Issue will be conditional upon Admission of the relevant New Shares to the premium segment of the Official List and to trading on the Main Market.

It is expected that admissions will become effective and dealings in the New Shares issued pursuant to the Share Issuance Programme will commence during the period from 23 October 2019 to 21 October 2020.

#### **Costs**

In the event that the Scheme becomes effective, CIT shall bear all of its own costs and the Company's costs associated with the Scheme, such costs estimated to be approximately £400,000 (including irrecoverable VAT and stamp duty).

If the Scheme does not become effective (including if CIT Shareholders do not approve any resolution required to implement the Scheme) then CIT shall bear its own abort costs and the abort costs of the Company in relation to the Scheme.

Existing Shareholders will bear no costs in connection with the Scheme.

The Issue Price of each Issue under the Share Issuance Programme, which will be determined by the Board at the time of such Issue, will be calculated by applying a premium to the prevailing NAV per Share (whether published or unpublished), in order to, *inter alia*, take into account the costs of the Issue per New Share (rounded up to the nearest ten pence).

#### ***Why is this prospectus being produced?***

As at the date of this document, the Company has remaining general share issuance authority to issue 41,228,800 New Shares on a non pre-emptive basis.

The purpose of this document is to allow the Directors to utilise some of the remaining share issuance authority to issue New Shares to CIT Shareholders in accordance with the terms of the Scheme.

In addition, this document allows the Directors to continue to exercise the Company's discount control mechanism effectively over the next 12 months through the Share Issuance Programme. The Share Issuance Programme allows for the issue of up to 80 million New Shares, however the issue of New Shares is subject to the Directors having sufficient share issuance authority following completion of the Scheme, either under the existing Ordinary Share issuance authority or any future authorities granted by Shareholders. The Directors intend to renew the Ordinary Share issuance authority at the next annual general meeting of the Company, or sooner if required.



## RISK FACTORS

The risk factors set out below are those which the Directors consider to be material but are not the only risks relating to the Company or the Ordinary Shares. There may be additional risks that the Directors do not currently consider to be material, or which are not presently known to the Directors. Before investing in the Ordinary Shares, potential investors should consult their stockbroker, bank manager, solicitor, accountant or other suitably qualified and independent financial adviser authorised under the FSMA if they are in the United Kingdom or, in the case of a potential investor who is located outside the United Kingdom, another appropriately authorised financial adviser.

An investment in the Company should not be regarded as short-term in nature and involves risks that could lead to the loss of all or part of that investment. An investment in the Company is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to bear any loss which might result from such an investment. Prospective investors should consider carefully all of the information set out in this document, including the risks described below, as well as their own personal circumstances, before deciding to invest in the Company.

The Directors believe that the risks described below are the material risks relating to an investment in the Ordinary Shares at the date of this document. If any of the adverse events described below occur, the Company's financial condition, performance and prospects and the market price of the Ordinary Shares could be materially adversely affected and Shareholders may lose all or part of their investment. Additional risks which were not known to the Directors at the date of this document, or that the Directors considered to be immaterial at the date of this document, may also have an adverse effect on the Company's financial condition, performance and prospects and the market price of the Ordinary Shares.

**Potential investors should carefully consider all the information in this document, including the following material risk factors in relation to the Company and the Ordinary Shares, before deciding to invest in the Company.**

### RISKS RELATING TO AN INVESTMENT IN AN INVESTMENT TRUST

#### **Cessation of investment trust status**

Companies that qualify for investment trust status under section 1158 of the CTA 2010 are exempt from UK taxation on its capital gains. The Company has been approved as an investment trust pursuant to the Investment Trust (Approved Company) (Tax) Regulations 2011 and it will therefore continue to have investment trust status in each accounting period going forward, other than to the extent that the Company commits a serious breach of one or more of the conditions for qualification as an investment trust. The Company aims to conduct its business so as to continue to satisfy the conditions to retain approval as an investment trust and thereby be exempt from UK taxation on its capital gains. Breach of the tests that a company must meet to retain approval as an investment trust company could lead to the Company being subject to UK tax on capital gains which could have a material adverse effect on the financial position of the Company.

#### **Discount**

The market prices of shares in investment trusts fluctuate independently of their net asset value and can be at a discount or premium to the net asset value per share at different times, depending on supply and demand, market conditions, general investor sentiment, dividend yields, prevailing interest rates and other factors. Accordingly, the market price of an Ordinary Share may not fully reflect its underlying NAV per Share.

The Administrator monitors the level of the discount or premium to the NAV per Share at which the Ordinary Shares trade and the Company operates a discount control mechanism by buying back or issuing shares when deemed to be in the best interests of Shareholders as a whole. The ability of the Company to control the level of discount or premium will depend, amongst other things, on the Company being able to buyback or issue Ordinary Shares, which will be dependent upon Shareholders in general meeting conferring authority on the Board to buyback or issue Ordinary Shares. The Board intends to seek such authorities from Shareholders annually and at other times should this prove necessary. However, there can be no guarantee that the requisite Shareholder approvals will be obtained.

The ability of the Company to buyback or issue Ordinary Shares will be subject to the Companies Act and all other applicable legislation, rules and regulations of any government, regulatory body or market applicable to the Directors or the Company and, in particular, any buyback of Ordinary Shares will be dependent on the availability of distributable reserves.

### **Liquidity**

The Company is a closed-ended investment company and, as such, Shareholders will have no right to have their Ordinary Shares redeemed or repurchased by the Company at any time. While the Directors seek authority from Shareholders to effect limited buybacks of Ordinary Shares in the manner described in this document, they are under no obligation to use such authority (if conferred) or to do so at any time and Shareholders should not place any reliance on the willingness of the Directors so to act. Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Ordinary Shares on the market. Accordingly, the ability of Shareholders to realise any value in respect of their Ordinary Shares will be dependent on, *inter alia*, the existence of a liquid market in the Ordinary Shares. Although it is anticipated that the New Shares will be admitted to the Official List and to trading on the Main Market, there may not be a liquid market for the Ordinary Shares and accordingly Shareholders may find it difficult or be unable to realise their investment at the NAV per Share or at all.

The price at which the Ordinary Shares will be traded and the price at which Shareholders may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. There can be no guarantee that the Ordinary Shares will trade at prices close to the price paid by a Shareholder to acquire their Ordinary Shares or close to the underlying NAV per Share.

### **Third party service providers**

The Company has no employees and all of the Directors have been appointed on a non-executive basis. The Company must therefore rely upon third party service providers to perform certain functions. In particular, the Investment Manager, the AIFM, the Depositary, the Registrar and their respective delegates, if any, will perform services that are integral to the Company's operations and financial performance. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment, to exercise due care and skill, or to perform its obligations to the Company at all as a result of insolvency, bankruptcy or other causes, could have a material adverse effect on the Company's operations and performance and on returns to Shareholders. The termination of the Company's relationship with any third party service provider, or any delay in appointing a replacement for such service provider, could materially disrupt the business of the Company and could have a material adverse effect on the Company's performance and returns to Shareholders.

### **Regulatory risk**

The Company is subject to laws and regulations enacted in the UK, the EU and elsewhere. In particular, the Company is subject to and will be required to comply with certain regulatory requirements that are applicable to listed closed-ended investment companies. Any change in the laws and regulations affecting the Company, the Investment Manager or the Company's investments may have a material adverse effect on the ability of the Company to carry on its business and successfully pursue its investment objective and policy and on the value of the Company and the Ordinary Shares. In such event, the investment returns of the Company may be materially adversely affected.

The Company is subject to and will be required to comply with the Listing Rules and the admission and disclosure standards of the London Stock Exchange. A failure by the Company to comply with those rules and standards may result in the Ordinary Shares being suspended from listing.

## **RISKS RELATING TO AN INVESTMENT IN THE COMPANY**

### **Investment Manager**

The Company depends on the diligence, skill and judgment of the Investment Manager's investment professionals and the information and investment opportunities they identify during the normal course of their activities. The Investment Manager is a relatively small, boutique fund management company and relies on a limited number of key individuals. The Company's success depends on the continued service of these individuals, who are not obligated to remain employed with the Investment Manager, and the

Investment Manager's ability to recruit, retain and motivate new talented personnel. There can be no assurance that the existing investment professionals of the Investment Manager will be retained nor that the Investment Manager will be successful in its efforts to recruit, retain and motivate suitable personnel as the market for qualified investment professionals is competitive.

### **Equity portfolio**

The Company seeks to achieve its investment objective by investing in a portfolio of predominantly UK equities. The prices of equity investments may be volatile and are affected by a wide variety of factors many of which can be unforeseen and are beyond the control of the investee company or the Investment Manager. These price movements could result in significant losses for the Company which would impact the returns to Shareholders and the ability of Shareholders to realise their investments.

### **Concentrated portfolio**

The Company is likely, from time to time, to maintain a more concentrated portfolio (both in terms of individual holdings and in terms of its exposure to particular industries) than those of many other investment funds. Accordingly, investors should be aware that the portfolio potentially carries a higher level of risk than a more diversified portfolio and the market price of the Ordinary Shares may be more susceptible to market volatility than shares in other investment funds.

### **Benchmark**

The Company does not seek to track any benchmark. Accordingly, the portfolio of investments held by the Company will not mirror the stocks and weightings that constitute any particular index or indices, which may lead to the Ordinary Shares failing to follow either the direction or extent of any moves in the financial markets generally (which may or may not be to the advantage of Shareholders). The Shares are an unsuitable investment for those who seek investments in some way correlated to a stock market index.

### **Alternative asset classes**

The Company may invest in asset classes other than equities from time to time, including convertibles, preference shares, fixed income securities and corporate bonds. Investments in these asset classes may lead to higher volatility in the NAV per Share and the Ordinary Share price as they are more susceptible to adverse changes in the financial position of the issuer, general economic conditions, changes in market sentiment and changes in interest rates.

### **Brexit**

The UK Government has stated its intention that the UK should leave the EU, with or without a withdrawal agreement, on or before 31 October 2019. Exiting the EU without a withdrawal agreement being in place or the anticipation of such an exit could create uncertainty in the UK (and potentially global) markets, which may have a material effect on the total Shareholder returns, the Net Asset Value and the price of the Ordinary Shares favourably or unfavourably.

## IMPORTANT INFORMATION

### General

This document should be read in its entirety. New investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the AIFM or the Investment Manager or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Regulation Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation neither the delivery of this document nor any investment made following receipt of this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

The Ordinary Shares are designed to be held over the long-term and are not suitable as a short-term investment. The value of an investment in the Company and any income derived from it, if any, may go down as well as up. An investment in the Ordinary Shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which might result from such an investment (which may be equal to the whole amount invested). There can be no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. There can be no guarantee that the investment objective of the Company will be achieved or provide the returns sought by the Company. No assurance can be given that any sale of the Company's investments would realise proceeds which would be sufficient to repay any borrowings or provide funds for any capital repayment to Shareholders. Shareholders will bear the rewards and risks of the success or otherwise of the Company's investments. Although the Ordinary Shares are, and the New Shares will be, listed on the premium segment of the Official List and admitted to trading on the Main Market it is possible that there may not be a liquid market in the Ordinary Shares and Shareholders may have difficulty selling them.

Shareholders must not treat the contents of this document or any subsequent communications from the Company, the AIFM or the Investment Manager or any of their respective affiliates, officers, directors, employees or agents, as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Apart from the liabilities and responsibilities (if any) which may be imposed on Dickson Minto W.S. by FSMA or the regulatory regime established thereunder, Dickson Minto W.S. makes no representations, express or implied, or accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares or the Issues. Dickson Minto W.S. accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or any such statement.

All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles of the Company.

**If you are in doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant, legal or professional adviser or other financial adviser.**

### Regulatory information

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy New Shares in any jurisdiction in which such offer or solicitation is unlawful. The issue or circulation of this document may be prohibited in some countries.

Any change in the Company's tax status or in taxation legislation or accounting practice could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this document concerning the taxation of investors are based upon tax law and practice as at the date of this document, which are, in principle, subject to change. Any change in accounting standards may adversely affect the value of the Company's assets and liabilities in its books of account or restrict the ability of the Company to pay dividends.

Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect the Company's business, investments and performance. The Company is subject to laws and regulations enacted by the UK and EU legislators. In addition, the Company is required to comply with certain regulatory requirements which are applicable to closed-ended investment companies (including continuing obligations) whose shares are listed on the premium segment of the Official List. Any change in the laws and regulations affecting the Company, the AIFM, the Investment Manager or the Company's investments may have an adverse effect on the ability of the Company to carry on its business and pursue its investment policy.

Investors should be aware that the PRIIPs Regulation requires the AIFM, as PRIIP manufacturer, to prepare a key information document ("KID") in respect of the Company. This KID must be made available by the AIFM to retail investors prior to them making any investment decision and is available on the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

### **Investment considerations**

The contents of this document are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment decisions or any other matter. Prospective investors must inform themselves as to (i) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares.

Prospective investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

It should be remembered that the price of an Ordinary Share, and the income from such Ordinary Shares (if any), can go down as well as up. An investment in Ordinary Shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested). Such an investment should be seen as long-term in nature and complementary to existing investments in a range of other financial assets.

### **Forward looking statements**

To the extent that this document includes "forward looking statements" concerning the Company, those statements are based on the current expectations of the Board and are naturally subject to uncertainty and changes in circumstances. Forward looking statements include, without limitation, statements typically containing words such as "intends", "expects", "anticipates", "targets", "estimates" and words of similar import.

By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Given these risks and uncertainties, potential investors should not place undue reliance on forward looking statements as a prediction of actual results.

Nothing in the preceding two paragraphs seeks to limit or qualify, in any way, the working capital statement in paragraph 7 of Part 5 of this document.

The Company does not undertake any obligation to update publicly or revise forward looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Information in this document will be updated as required by the Prospectus Regulation Rules, Listing Rules, Disclosure Guidance and Transparency Rules and Market Abuse Regulation, as appropriate.

### **Latest practicable date**

In this document, where the context requires, references to 18 October 2019 should be treated as being references to the latest practicable date prior to the publication of this document.

## Documents incorporated by reference

Certain information contained in the published annual financial reports of the Company for the two financial years ended 30 September 2018 and the half yearly reports for the six month periods ended 31 March 2018 and 31 March 2019 as specified in the table below is incorporated by reference into this document. The non-incorporated parts of those financial reports of the Company are either not relevant to investors or are covered elsewhere in this document.

	<i>Annual report and accounts for year ended</i>		<i>Half yearly report for six months ended</i>	
	<i>30 September 2017 Page No.</i>	<i>30 September 2018 Page No.</i>	<i>31 March 2018 Page No.</i>	<i>31 March 2019 Page No.</i>
<b>Nature of Information</b>				
Financial Highlights	1	1	1	1
Chairman's Statement	4-5	4-5	2-3	2-3
Investment Manager's Report	6-8	6-8	—	—
Investment Portfolio	9-11	9-11	4-5	4-5
Independent Auditor's Report	30-34	30-34	—	—
Statement of Comprehensive Income	35	35	6	6
Statement of Financial Position	36	36	7	7
Statement of Changes in Equity	37	37	8	8
Cash Flow Statement	38	38	9	9
Notes to the Financial Statements	39-54	39-54	10-12	10-12



## EXPECTED TIMETABLES

### Scheme

CIT First General Meeting in relation to the Scheme	2.30 p.m. on 8 November 2019
Calculation Date for the Scheme	5.00 p.m. on 14 November 2019
Record Date for entitlement under the Scheme	6.00 p.m. on 14 November 2019
CIT Second General Meeting in relation to the Scheme	11.30 a.m. on 18 November 2019
Effective Date for the Scheme	18 November 2019
Admission and dealings commence in respect of New Shares issued under the Scheme	8.00 a.m. on 20 November 2019
CREST accounts credited in respect of New Shares issued in uncertificated form	8.00 a.m. on 20 November 2019
Certificates despatched by post in respect of New Shares issued in certificated form	Week commencing 25 November 2019

### Share Issuance Programme

Admission and dealings in New Shares commence	23 October 2019 to 21 October 2020
Publication of the Issue Price in respect of the relevant Issue	As soon as practicable following each Issue
Crediting of CREST accounts in respect of New Shares	8.00 a.m. on each day New Shares are issued
Share certificates in respect of New Shares despatched (if applicable)	Approximately one week following the issue of any New Shares

### Notes:

1. The times and dates set out in the expected timetables above and mentioned throughout this document may be adjusted by the Company, in which event details of the new times and/or dates will be notified, as required, to the FCA and the London Stock Exchange and, where appropriate, to CIT Shareholders and Shareholders and an announcement will be made through a Regulatory Information Service.
2. All references to times in this document are to London time, unless otherwise stated.



## ISSUES STATISTICS

New Shares to be issued under the Scheme	13,749,463*
Ordinary Shares to be issued under the Share Issuance Programme	up to 80 million
ISIN of the Ordinary Shares	GB0003708665
Ticker code	TIGT
Legal Entity Identifier (LEI)	213800HLNMQ1R6VBLU75

\* This figure is for illustrative purposes only. This figure has been calculated on the basis that the Calculation Date was 18 October 2019 (being the latest practicable date prior to the publication of this document) and assumes that no CIT Shareholders exercise their right to dissent from participation in the Scheme.

## DIRECTORS, INVESTMENT MANAGER AND OTHER ADVISERS

<b>Directors</b>	David Warnock ( <i>Chairman</i> ) Jann Brown David Garman Roger White  all non-executive and of 10 St Colme Street, Edinburgh EH3 6AA
<b>Investment Manager</b>	Troy Asset Management Limited 33 Davies Street London W1K 4BP
<b>AIFM, Company Secretary and Administrator</b>	PATAC Limited 21 Walker Street Edinburgh EH3 7HX
<b>Sponsor and Legal Adviser</b>	Dickson Minto W.S. Broadgate Tower 20 Primrose Street London EC2A 2EW
<b>Auditors</b>	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX
<b>Registrars</b>	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
<b>Depositary</b>	J.P. Morgan Europe Limited 25 Bank Street Canary Wharf London E14 5JP
<b>Custodian</b>	J.P.Morgan Chase Bank N.A. 25 Bank Street Canary Wharf London E14 5JP

## PART 1

### THE COMPANY AND THE PROPOSALS

#### Introduction

Troy Income & Growth Trust plc is an investment trust which invests in a portfolio predominantly consisting of UK equities with the objective of providing Shareholders with attractive income yield and the prospect of income and capital growth. The Company's portfolio has been managed by Troy Asset Management Limited since August 2009. The Investment Manager was formed in February 2000. As at 30 September 2019 it had approximately £10.9 billion of assets under management.

At the annual general meeting of the Company held on 23 January 2019, Shareholders granted the Directors general authority to issue 58,158,800 New Shares on a non pre-emptive basis. Since then the Company has issued 16,930,000 New Shares in accordance with its discount control mechanism, leaving the Directors with remaining authority to issue 41,228,800 New Shares on a non pre-emptive basis.

On 22 October 2019 the Company and CIT announced that they had reached agreement, in principle, on the terms of a merger to be effected by way of a scheme of reconstruction of CIT under section 110 of the Insolvency Act 1986, which will result in the voluntary liquidation of CIT and CIT Shareholders rolling over their investment in CIT into the Company.

The purpose of this document is to allow the Directors to utilise some of the remaining Ordinary Share issuance authority to issue New Shares to CIT Shareholders in accordance with the terms of the Scheme.

In addition, this document allows the Directors to continue to exercise the Company's discount control mechanism effectively over the next 12 months through the Share Issuance Programme. The Share Issuance Programme allows for the issue of up to 80 million New Shares, however the issue of New Shares is subject to the Directors having sufficient share issuance authority following completion of the Scheme, either under the existing Ordinary Share issuance authority or any future authorities granted by Shareholders. The Directors intend to renew the Ordinary Share issuance authority at the next annual general meeting of the Company, or sooner if required.

#### Background to the Scheme

The Scheme provides for the assets and liabilities of CIT to be transferred to the Company in consideration for the issue of New Shares having an equivalent value. The Scheme will be effected on an adjusted NAV for NAV basis as at the Calculation Date. For the purposes of the Scheme, the NAV of CIT will be adjusted to take account of all the costs associated with the Scheme not already accrued by CIT (including the costs to be incurred by the Company in connection with the Scheme). The New Shares issued under the Scheme will rank equally in all respects with the existing Ordinary Shares in the Company.

Subject to the passing of the Resolutions at the CIT General Meetings, CIT will be placed into members' voluntary liquidation and the Scheme will take effect on the Effective Date (expected to be 18 November 2019).

Had the Calculation Date been 18 October 2019, being the latest practicable date prior to the publication of this document, 13,749,463 New Shares, in aggregate, would have been issued to CIT Shareholders under the Scheme, representing approximately 4.4 per cent. of the enlarged issued Ordinary Share capital of the Company. The net assets of the Company would have increased by approximately £11 million, increasing the assets of the Company to over £250 million. In the event that the Scheme is implemented, CIT shall bear all of its own costs and the Company's costs associated with the Scheme and Existing Shareholders will bear no costs in connection with the Scheme. The illustrative figures take account of the Company's holding of 255,000 CIT Shares. The Company will not receive New Shares in relation to this holding, but will receive assets from CIT of an equivalent value.

It is expected that the total costs and expenses of and incidental to the Scheme (including the costs associated with the production of this document) will be approximately £400,000 in aggregate if the Scheme becomes effective.

If the Scheme is not implemented (including if CIT Shareholders do not approve any Resolution required to implement the Scheme) then CIT shall bear all abort costs (including those of the Company) in relation to the Scheme.

Further details of the Scheme are set out in Part 3 of this document.

### **Background to the Share Issuance Programme**

The share price of investment trusts have long suffered from volatile discounts to net asset value. Sometimes the shares of investment trusts may sell temporarily at a significant premium to net asset value. This can put investors at a disadvantage, because they may find themselves buying shares at a sizeable premium which almost certainly will not be sustained, and which will therefore have an adverse effect on the return from their investment. In view of the disadvantages to Shareholders of such discount and premium fluctuations, the Company's policy is to ensure that the Ordinary Shares always trade at close to the NAV per Share through a combination of share buy-backs coupled with the issue of new Shares at a small premium to the NAV per Share where demand exceeds supply (the "**discount control mechanism**").

The Board believes that it is important that the Company has the ability to issue Shares at a premium to the NAV per Share to increase liquidity, spread the fixed costs of the Company over a larger asset base and reduce volatility by preventing the build-up of excessive demand for Ordinary Shares.

Any New Shares issued pursuant to the Share Issuance Programme will be issued only: (i) at a premium to the prevailing NAV per Share; (ii) to meet demand from investors; and (iii) when the Directors believe that it is in the best interests of the Company to do so.

The Company will issue a maximum of 80 million New Shares under the Share Issuance Programme. The Board currently has remaining authority to issue, on a non pre-emptive basis for cash, up to 41,228,800 New Shares in relation to the Share Issuance Programme (being the amount remaining under the authorities granted by Shareholders at the annual general meeting of the Company held on 23 January 2019). This document will remain in force for a period of 12 months from its publication.

This document relates to Issues made under the Share Issuance Programme which may occur from time to time in the period from 23 October 2019 to 21 October 2020. However the Board intends to continue to manage the discount or premium at which the Ordinary Shares trade following the expiry of that period and the Company will seek to publish further prospectuses as and when required under the Prospectus Regulation Rules. Further details of the Share Issuance Programme are set out in Part 4 of this document.

### **Investment outlook**

The Board believes that the investment outlook remains uncertain, with both significant economic and political risks persisting. In such an environment the Board believes it is prudent to maintain a cautious approach to gearing and the type of companies which are held in the portfolio. In order to mitigate equity volatility, the Company has a preference for investing in equities underpinned by strong balance sheets and good long-term dividend records. Conversely the Investment Manager also has a tendency to eschew sectors where both capital intensity and cyclicity are a significant risk. Maintaining the real value of income and capital for Shareholders will be a particular objective for the Company in the current economic environment. Should a wider set of investment opportunities arise following a period of market volatility, cash balances may be invested and the availability of the Company's gearing facilities means it is well positioned to take advantage of more attractive valuations.

### **Investment objective and policy**

The Company's investment objective is to provide an attractive income yield and the prospect of income and capital growth by investing 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. Investments will be made when prospective returns appear to be superior to those from equity markets

and 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 per cent. 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 per cent. 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 Investment 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 at every Board meeting and monitored between meetings and adjusted accordingly with regard to the outlook. However, the Board currently intends that if it did decide to utilise gearing the aggregate borrowings of the Company will be up to 15 per cent. of net assets immediately following drawdown, with a maximum level of aggregate borrowings of 25 per cent. 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.

Any material change in the Company's investment policy will require the approval of Shareholders at a general meeting. Any change to the investment policy which does not amount to a material change to the published investment policy may be made by the Company without Shareholder approval. The Directors will announce any such change through a Regulatory Information Service. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.

### **Dividend policy**

The Company does not have any formal dividend policy to achieve any specified level of dividend. The Directors intend to pay quarterly dividends at the end of January, April, July and October of each year. 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 dividend yield in relation to the Ordinary Shares as at 18 October 2019 (being the latest practicable date prior to the publication of this document) was 3.3 per cent.

The Company has paid three interim dividends in respect of the year ended 30 September 2019 of 0.685 pence per Ordinary Share. The Company has declared a fourth interim dividend in respect of the year ended 30 September 2019 of 0.695 pence per Ordinary Share payable on 25 October 2019 to Shareholders on the register at close of business on 11 October 2019. For the avoidance of doubt CIT Shareholders who receive New Shares under the Scheme will not qualify to receive this dividend but will rank equally with the existing Ordinary Shares for all subsequent dividends.

### **Borrowings and gearing**

The Company has the power to borrow money under its Articles and may employ gearing to enhance investment returns but gearing will not exceed 25 per cent. of net assets immediately following drawdown.

The Company has a £20 million gearing facility which was renewed for a further two years on 24 April 2019. The facility has not been utilised as at the date of this document, but remains available if appropriate investment opportunities arise.

#### **Continuation vote**

Under the Company's Articles, the Directors are required to procure that an ordinary resolution is proposed at every fifth annual general meeting of the Company to resolve that the Company should continue as an investment trust. If that resolution is not passed, a special resolution requires to be proposed within four months after the relevant annual general meeting to require that the Company be wound up voluntarily or to approve proposals which would result in the Shareholders receiving, in lieu of their Ordinary Shares, units in a unit trust scheme. A continuation vote was passed at the annual general meeting on 23 January 2019. As a result of this, in accordance with the Articles, the next continuation vote will be held at the annual general meeting in January 2024.

#### **Annual expenses**

The Company has incurred, and will continue to incur, administrative expenses, including audit fees, directors' fees, depositary fees, custodian fees, regulatory fees, directors' and officers' liability insurance premiums and printing costs.

Based on the Company's net assets as at 18 October 2019, it is estimated that the total expenses of the Company for the financial year ending 30 September 2020 (excluding the costs of and incidental to the issue of New Shares) will not exceed £2.25 million, being 0.93 per cent. of the Shareholders' funds as at 18 October 2019.

## PART 2

### DIRECTORS, AIFM, INVESTMENT MANAGER AND ADMINISTRATION OF THE COMPANY

#### Directors

The Directors, who are non-executive and all of whom are independent of the Investment Manager, are responsible for the determination of the investment policy of the Company and its overall supervision. The AIFM and the Directors are as follows:

**David Warnock** (*Chairman*): David co-founded the investment firm of Aberforth Partners and was a partner for 19 years until his retirement in 2008. David is currently a non-executive director of BMO Managed Portfolio Trust plc, a non-executive director of Seneca Investment Managers Limited 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.

**Jann Brown**: Jann is currently Managing Director and Chief Financial Officer of Pharos Energy plc and was formerly Chair of the Audit Committee of John Wood Group PLC. She is a past President of the Institute of Chartered Accountants of Scotland and also former Executive Director of Cairn Energy plc and former senior independent director of Hansen Transmissions International NV.

**David Garman**: David 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.

**Roger White**: Roger 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 BSDA's Board of Management and Executive Council.

#### AIFM

The Company is managed in accordance with the AIFMD by PATAc Limited which was established in 2009. PATAc is also the alternative investment fund manager of Personal Assets Trust plc and Seneca Global Income & Growth Trust plc. PATAc also provides secretarial and administration services to those trusts and to the Company along with five other investment trusts, being: The Scottish Oriental Smaller Companies Trust plc; ScotGems plc; Strategic Equity Capital plc; Capital Gearing Trust P.I.c.; and CIT. PATAc is authorised and regulated by the FCA.

#### Investment Manager

PATAc has delegated responsibility for managing the Company's portfolio to Troy.

Troy, which is authorised and regulated by the FCA, was established in 2000. As at 30 September 2019, Troy managed or advised approximately £10.9 billion of assets, including eight UK open ended funds as well as acting as investment adviser to Personal Assets Trust plc and investment manager of the Company and CIT.

Francis Brooke and Hugo Ure have principal responsibility within Troy for the management of the Company's portfolio.

**Francis Brooke**: Francis is a director of the Investment Manager, the senior fund manager responsible for Trojan Income Fund and co-manager of the Company. Francis began his career in 1986 at Kleinwort Benson Securities and joined Foreign & Colonial Management Limited in 1989, where he was appointed Director in 1995. From 1997 to 2004 he worked for Merrill Lynch Investment Managers as a Director managing over £1.5 billion of UK equities. Francis gained his MA in politics from the University of Edinburgh and holds the ASIP qualification. He is an associate member of the CFA Society of the UK.

**Hugo Ure**: Hugo is co-manager of the Company and assistant fund manager of Trojan Income Fund. He is the portfolio manager of the Trojan Ethical Income Fund and is the Investment Manager's head of responsible investment. Hugo joined the Investment Manager in 2009 from Kleinwort Benson, where he



was an equity analyst. He gained an MA in geology from Oxford University in 1999, following which he spent five years serving with the Scots Guards. He holds the CSI Diploma and is a CFA Charterholder.

### **Investment management arrangements**

On 31 July 2009, Troy was appointed as the Investment Manager. Following the introduction of the AIFMD, the Board appointed PATAC as its alternative investment fund manager with effect from 22 July 2014 under the Investment Management Agreement. The AIFM delegates the portfolio management activities relating to the Company to Troy pursuant to an Investment Management Delegation Agreement and Troy continues to provide portfolio management services to the Company as before.

The Investment Management Agreement and the Investment Management Delegation Agreement are both terminable on six months' notice. From 1 January 2019, the investment management fee payable to Troy is payable at an annual rate of 0.65 per cent of the Company's net assets. The fee is calculated monthly and paid quarterly in arrears. The investment management fee payable to Troy is reduced by the amount payable to the AIFM for its services under the terms of the Investment Management Agreement.

Further details of the terms of the Investment Management Agreement and the Investment Management Delegation Agreement are set out in paragraphs 8.1 and 8.2 respectively of Part 7 of this document.

### **Administration arrangements**

PATAC has been appointed as the Company's secretary and to provide certain administrative services to the Company pursuant to the Administration Agreement. PATAC has provided these services to the Company since 1 July 2010. PATAC also provides discount monitoring services to the Company. PATAC receives an annual fee payable quarterly in arrears.

PATAC receives an administration fee equal to £100,000 per annum plus an amount equal to 0.1 per cent. of the Company's net assets between £50 million and up to and including £100 million, 0.03 per cent. of the Company's net assets between £100 million up to and including £250 million and 0.02 per cent. of the Company's net assets between £250 million up to and including £1 billion. The Administrator is also entitled to receive a fee in connection with the operation of the Company's discount control mechanism of £30,000 per annum plus the lower of (i) a charge of £250 per transaction; and (ii) a commission of 0.1 per cent. of the aggregate proceeds of any transaction undertaken in accordance with the Company's discount control mechanism. The fixed fee elements of the fees are adjusted annually by the increase in the Consumer Price Index. The appointment is terminable on three months' notice.

Further details of the terms of the Administration Agreement are set out in paragraph 8.3 of Part 7 of this document.

### **Depositary arrangements**

J.P. Morgan Europe Limited has been appointed as the Company's depositary. All the assets of the Company, other than cash deposits and receivables, are held by J. P. Morgan Chase Bank, N.A. (London Branch), the custodian acting as a delegate of the Depositary. The Depositary is authorised by the PRA and authorised and regulated by the PRA and FCA.

### **Accounting policies**

Under the Company's accounting policies, it charges 35 per cent. of its management fees to revenue and 65 per cent. to capital. The Company charges all other operating expenses to revenue.

### **Corporate governance**

The Chairman of the Board and each of the other Directors are non-executive and are independent of the AIFM and the Investment Manager.

The Directors regard corporate governance and accountability to Shareholders as fundamental. They therefore place considerable emphasis on running the Company in the way they believe to be best suited to the successful management of an investment trust on behalf of its Shareholders. Each Director is subject to re-election annually.

Arrangements, appropriate to an investment trust, in respect of corporate governance have been made by the Board. The Board has considered the principles and recommendations of the AIC Corporate Governance Code. The AIC Code addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations which are of specific relevance to investment trusts. The Board considers that reporting against the principles and recommendations of the AIC Code will provide better information to Shareholders than if it had adopted the UK Code.

The Company complied in its most recent financial year, and continues to comply, with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as disclosed in this section below.

### **The Board**

The Board regularly reviews the independence of its members and, having due regard to the definitions and current AIC guidelines on independence, the Board considers all Directors to be independent of the AIFM and the Investment Manager. The Board takes the view that independence is not compromised by length of tenure and that experience and continuity can add significantly to the Board's strengths. This is consistent with the AIC Code.

The Board undertakes a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors. In order to review its effectiveness, the Board carries out a process of formal self appraisal. 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 survey questionnaire and Board discussion. The performance of the Chairman is reviewed by the other Directors led by the Senior Independent Director (being Roger White). These reviews form the basis of the decision on whether or not Directors are nominated for re-election.

### **Audit committee**

The audit committee, chaired by Jann Brown and comprising of all of the Directors of the Company, meets at least twice per year to coincide with the annual and half yearly reporting cycle. The principal role of the audit committee is to review the annual and half yearly financial statements and the accounting policies applied therein and to ensure compliance with financial and regulatory reporting requirements. The audit committee also reviews the system of internal controls, the terms of appointment of the auditors (including their remuneration), the objectivity of the auditors and the terms under which they are appointed to perform non-audit services.

### **Management engagement committee**

The management engagement committee, chaired by David Warnock and comprising of all of the Directors of the Company, meets at least once a year. The main functions of the management engagement committee are to define the terms of the Investment Management Delegation Agreement with Troy and the Investment Management Agreement with PATAC, to ensure that they follow good industry practice, are competitive and are in the best interests of the Shareholders. The committee monitors the Investment Manager's and AIFM's compliance with the terms of the agreements and their performance as well as reviewing the services and performance of the Company's other service providers.

### **Nominations committee**

The nominations committee, chaired by David Warnock and comprising of all of the Directors of the Company, considers the appointment of new directors. Diversity, including gender, is considered when seeking potential candidates. The nominations committee meets at least annually.

### **Remuneration committee**

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.

### **Conflicts of interest**

The Investment Manager and its officers and employees may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, the Investment Manager may provide investment management, investment advice or other services in relation to a number of funds that may have similar investment policies to that of the Company, and may receive a fee for doing so.

The Investment Manager will have regard to its obligations under the Investment Management Delegation Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients or funds, should potential conflicts of interest arise. The Investment Manager's policies and procedures to avoid or manage actual or potential conflicts of interest include (a) a policy to ensure the fair allocation of trades between its clients and (b) rules governing the execution of trades by members of staff, which cannot be effected without prior permission from authorised personnel.

As part of the Investment Manager's routine compliance monitoring procedures, its conflicts of interest policy is reviewed annually. The particular procedures and measures are monitored periodically.

### **Reports to Shareholders and Net Asset Values**

The annual report and accounts of the Company are made up to 30 September in each year. Copies of the annual report and accounts are sent to Shareholders in November of each year and annual general meetings of the Company are held in January of each year. Shareholders also receive an unaudited half yearly report covering the first six months of each financial year of the Company.

The Net Asset Value per Share is calculated by the Company in accordance with the Company's accounting policies and is published daily through a Regulatory Information Service. For the purposes of calculating the Net Asset Value per Share quoted investments are valued at fair value based on either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. The calculation of the Net Asset Value per Share will be suspended only in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

### **Taxation**

The Company has been approved by HM Revenue & Customs as an investment trust. The Directors believe that the affairs of the Company have been conducted so as to continue to satisfy the conditions to qualify as an investment trust under section 1158 of the CTA 2010 and the Company will be exempt from UK taxation on its capital gains. The Company will, however, be liable to UK corporation tax on its income in the normal way, with dividend income generally being exempt from corporation tax. Income arising from overseas investments may be subject to foreign withholding taxes at varying rates, but double taxation relief may be available on overseas income other than dividend income.

## PART 3

### DETAILS OF THE SCHEME

#### Introduction

The Scheme Issue is being undertaken pursuant to the proposed scheme of reconstruction and voluntary winding up of CIT. The CIT Board has resolved to recommend the Scheme to CIT Shareholders. The Scheme involves CIT being placed into members' voluntary liquidation and CIT Shareholders receiving New Shares issued by the Company in exchange for the transfer to the Company of the cash, undertaking and other assets of CIT.

The New Shares to be issued under the Scheme are only available to CIT Shareholders. Neither the Existing Shareholders nor the public are able to participate in the Scheme.

#### Details of the Scheme

Under the Scheme, CIT will be wound up voluntarily pursuant to a scheme of reconstruction under section 110 of the Insolvency Act 1986.

The Scheme provides for the cash, undertaking and other assets of CIT to be transferred to the Company in consideration for the issue of New Shares of an equivalent value to CIT Shareholders. The Scheme is subject to, amongst other conditions, its approval by CIT Shareholders at the CIT General Meetings.

The Scheme will be implemented in accordance with the terms of the Transfer Agreement that will be entered into between the Company, CIT and the Liquidators. Further details of the Transfer Agreement are provided in paragraph 8.4 of Part 7 of this document. CIT's portfolio has been aligned with the current market view of Troy. Any cash that is transferred in accordance with the terms of the Transfer Agreement will be invested by the Company in accordance with the Company's investment policy.

#### Details of the Scheme Issue

The Scheme will be effected on a NAV for NAV basis as at the Calculation Date. Following the Calculation Date, CIT will set aside cash in the Liquidation Fund in an amount which it considers sufficient to provide for all current and future, actual and contingent liabilities of CIT, including a retention (estimated to be £30,000) in respect of unascertained and unknown liabilities. Thereafter, the balance of the cash, undertaking and other assets of CIT shall be transferred to the Company.

For the purposes of the Scheme, the FAV per CIT Share shall be calculated by the CIT Directors and shall be the value of the Rollover Fund as at the Calculation Date divided by the number of CIT Shares in issue as at the Calculation Date less any CIT Shares held by the Dissenting Shareholders. The FAV per Ordinary Share shall be calculated by the Directors and shall be the NAV per Share as at the Calculation Date adjusted (i) to deduct any dividends that have been declared but not paid and to which CIT Shareholders will not be entitled; and (ii) to exclude any costs incurred by the Company in relation to the Scheme (and agreed with the CIT) prior to the Calculation Date to the extent already accrued in the NAV.

The number of New Shares to which each CIT Shareholder (other than Dissenting Shareholders and TIGT) is entitled will be calculated by dividing the FAV per CIT Share by the FAV per Ordinary Share and applying this ratio to the number of CIT Shares that the relevant CIT Shareholder holds.

The New Shares issued pursuant to the Scheme will rank equally in all respects with the existing issued Ordinary Shares.

**For illustrative purposes only**, had the Calculation Date been 18 October 2019 (being the latest practicable date prior to the publication of this document) and assuming that no CIT Shareholders exercise their right to dissent from participation in the Scheme, the FAV per CIT Share would have been 1,065.651412 pence and the FAV per Ordinary Share would have been 80.760157 pence. On the basis of these figures, had the Calculation Date been 18 October 2019, a CIT Shareholder holding 1,000 CIT Shares would have received 13,195 New Shares under the Scheme. In aggregate, 13,749,463 New Shares would have been issued to CIT Shareholders under the Scheme, representing approximately 4.4 per cent. of the enlarged issued Ordinary Share capital of the Company.

The illustrative figures take account of the Company's holding of 255,000 CIT Shares. The Company will not receive New Shares in relation to this holding, but will receive assets from CIT of an equivalent value.

### **Conditions of the Scheme**

The Scheme is subject to a number of conditions, including:

- (a) the passing of the Resolutions to approve the Scheme at the CIT General Meetings and the Scheme becoming unconditional (including the Transfer Agreement becoming unconditional in all respects);
- (b) the FCA agreeing to admit the New Shares to be issued under the Scheme to the Official List and the London Stock Exchange agreeing to admit such New Shares to trading on its Main Market, subject only to allotment;
- (c) the CIT Directors not having exercised their right to not proceed with the Scheme if, within seven days after the passing of the Resolutions at the CIT First General Meeting, CIT Shareholders validly exercise their rights under section 111(2) of the Insolvency Act 1986 in respect of more than 10 per cent. in nominal value of the issued share capital of CIT; and
- (d) the Directors not having resolved to not proceed with the Scheme on the basis that it is no longer in the interests of Shareholders to proceed with the Scheme.

If any conditions to the Scheme are not satisfied by 31 December 2019, the Scheme will not become effective and the Company will not proceed with the Scheme Issue.

### **Costs and expenses**

In the event that the Scheme is implemented, CIT shall bear all of its own costs and the Company's costs associated with the Scheme, such costs estimated to be approximately £400,000 (including irrecoverable VAT, realignment costs and stamp duty). If the Scheme becomes effective, Existing Shareholders will bear no costs in connection with the Scheme.

If the Scheme does not become effective (including if CIT Shareholders do not approve any resolution required to implement the Scheme) then CIT shall bear its own abort costs and the abort costs of the Company in relation to the Scheme.

### **Admission and dealings**

Application will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium segment of the Official List and to trading on the Main Market. If the Scheme becomes effective, it is expected that such New Shares will be admitted to the Official List on 20 November 2019, and the first day of dealings in such Shares on the Main Market will be 20 November 2019.

The New Shares will be in registered form and will be denominated in Sterling. Temporary documents of title will not be issued. The ISIN of the New Shares will be GB0003708665. CIT Shareholders who hold their CIT Shares in uncertificated form and who become entitled to receive New Shares under the Scheme, will receive their New Shares in uncertificated form on 20 November 2019. Certificates in respect of New Shares to be issued to CIT Shareholders who hold their CIT Shares in certificated form and who become entitled to receive New Shares under the Scheme, will be despatched in the week commencing 25 November 2019.

Fractional entitlements to New Shares will not be issued under the Scheme and entitlements will be rounded down to the nearest whole number of New Shares. No cash payments shall be made or returned in respect of any fractional entitlements which will be retained for the benefit of the Company.

### **Dilution**

**For illustrative purposes only**, had the Calculation Date been 18 October 2019 (being the latest practicable date prior to the publication of this document) and 13,749,463 New Shares were issued under the Scheme, the Ordinary Shares held by the Existing Shareholders would have represented

approximately 95.6 per cent. of the Ordinary Share capital of the enlarged Company immediately following completion of the Scheme, and on that basis the Existing Shareholders would have their percentage shareholding diluted by approximately 4.4 per cent.

For the avoidance of doubt, the value of the underlying assets and the NAV per Share attributable to the Existing Shareholders will not be altered as a direct consequence of the Scheme becoming effective.



## PART 4

### DETAILS OF THE SHARE ISSUANCE PROGRAMME

#### The Share Issuance Programme

New Shares will be issued pursuant to the Share Issuance Programme only for the purpose of controlling the premium at which the Company's Shares may trade relative to the NAV per Share and to take the opportunity to increase the size of the Company in a manner which enhances the relevant NAV per Share for Shareholders. Any New Shares issued pursuant to the Share Issuance Programme will be issued only: (i) at a premium to the prevailing NAV per Share; (ii) to meet demand from investors; and (iii) when the Directors believe that it is in the best interests of the Company to do so. In no circumstances will New Shares be actively marketed pursuant to the Share Issuance Programme.

New Shares will be issued pursuant to the Share Issuance Programme only during the period commencing at 8.00 a.m. on 23 October 2019 and ending at 5.00 p.m. on 21 October 2020. However, the Company will continue its aim of monitoring and controlling the discount or premium at which the Ordinary Shares trade following the expiry of this period and may seek to publish further prospectuses as and when required under the Prospectus Regulation Rules.

The Company may issue a maximum of 80 million New Shares, in aggregate, under the Share Issuance Programme. Each Issue will be conditional upon Admission of the relevant New Shares to the Official List and to trading on the Main Market becoming effective. No Issue will be underwritten.

The Share Issuance Programme has been proposed in principle by the Directors to allow the Company to issue New Shares to satisfy demand from investors at times when Shares are trading at a premium to the relevant NAV per Share in accordance with its discount control mechanism. Any New Shares issued under the Share Issuance Programme will be issued at a price which represents a premium to the NAV per Share (see "Issue Price" below) and accordingly, the issue of New Shares pursuant to the Share Issuance Programme will not result in a dilution of the NAV per Share. The Directors intend to apply the net proceeds of any Issues in accordance with the Company's investment policy.

The New Shares will rank *pari passu* in all respects with the existing issued Shares, including the Shares issued under the Scheme, and will be denominated in Sterling.

The Directors believe that the profile of a typical investor in the Company is an investor who is seeking an attractive level of income with the potential to obtain growth in both income and capital over the longer term through investing in predominantly UK equities. Such investors will typically be institutional investors, professionally advised private individuals or private individuals capable of evaluating the risks and merits of such an investment and investing in the Company as part of a portfolio approach.

**For illustrative purposes only**, in the event that (i) the maximum number of New Shares available for issue under the Share Issuance Programme are issued and (ii) 13,749,463 New Shares are issued under the Scheme (based on the illustrative figures set out in Part 3 of this document), the existing Ordinary Shares would represent 76.2 per cent. of the enlarged issued share capital of the Company.

#### Issue Price

The Issue Price of each Issue under the Share Issuance Programme, which will be determined by the Board at the time of such Issue, will be calculated by applying a premium (to be determined by the Board) to the prevailing NAV per Share (whether published or unpublished), in order to, *inter alia*, take into account the costs of the Issue per each New Share. No Issue is therefore expected to be dilutive to the NAV per Share after taking into account the other costs of such Issue. The relevant NAV per Share will be calculated in accordance with the Company's normal accounting policies. The Issue Price of each Issue will be announced through a Regulatory Information Service as soon as practicable following each Issue.

#### Listing and dealing

Issues will be made only in the circumstances described in the paragraph headed "The Share Issuance Programme" above. Where Issues are made, it is expected that the relevant New Shares will be admitted



to the Official List and to trading on the Main Market not later than the second Business Day following the Board's resolution to allot those New Shares. No dealings will commence before the relevant date of Admission.

New Shares issued pursuant to the Share Issuance Programme will be issued in registered form and may be held either in certificated form or settled through CREST. It is expected that definitive certificates in respect of New Shares will, where requested, be despatched by post in the week following the issue of the relevant New Shares. Temporary documents of title will not be issued. Pending despatch of such certificates, transfers will be certified against the register. Definitive certificates for such New Shares are expected to be despatched in the week following completion of the relevant Issue. An Issue cannot be revoked after dealings in the relevant New Shares have commenced.

The ISIN of the New Shares will be GB0003708665. The Ticker code of the New Shares will be TIGT. The Legal Entity Identifier is 213800HLNMQ1R6VBLU75.

#### **Costs and proceeds of the Issues pursuant to the Share Issuance Programme**

The aggregate costs of and incidental to the publication of this document will be paid by CIT.

**For illustrative purposes only**, assuming that the maximum number of New Shares available under the Share Issuance Programme (being 80,000,000 New Shares) were issued at a price of 80.76 pence per Share, being the Net Asset Value per Share as at 18 October 2019 (being the latest practicable date of this document), the proceeds of the Issues would be approximately £64 million.

## PART 5

### FINANCIAL INFORMATION (INCLUDING PORTFOLIO INFORMATION)

#### 1. Introduction

The statutory accounts of the Company for the two financial years ended 30 September 2017 and 30 September 2018 have been prepared in accordance with United Kingdom law and IFRS, as adopted by the EU. The statutory accounts of the Company for the two financial years ended 30 September 2017 and 30 September 2018, in respect of which the Company's auditors, PricewaterhouseCoopers LLP, Statutory Auditor, who are members of the Institute of Chartered Accountants in England and Wales, made an unqualified report under section 495 and section 497 of the Companies Act, did not contain any statement under section 498(2) or (3) of that Act.

Copies of the statutory accounts of the Company for the two financial years ended 30 September 2017 and 30 September 2018, together with copies of the Company's unaudited half yearly reports for the six months ended 31 March 2018 and 31 March 2019, are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW.

#### 2. Historical financial information

Historical financial information relating to the Company on the matters referred to below is included in the published annual report and audited accounts of the Company for the two financial years ended 30 September 2017 and 30 September 2018 and in the unaudited half yearly reports for the six months ended 31 March 2018 and 31 March 2019 as set out in the table below and is expressly incorporated by reference into this document. The non-incorporated parts of these annual reports and accounts and half yearly reports of the Company are either not relevant to investors or covered elsewhere in this document.

<i>Nature of information</i>	<i>Annual report and accounts for the year ended 30 September 2017</i> <i>Page No.</i>	<i>Annual report and accounts for the year ended 30 September 2018</i> <i>Page No.</i>	<i>Half yearly report for the six months ended 31 March 2018</i> <i>Page No.</i>	<i>Half yearly report for the six months ended 31 March 2019</i> <i>Page No.</i>
Financial Highlights	1	1	1	1
Chairman's Statement	4-5	4-5	2-3	2-3
Investment Manager's Report	6-8	6-8	—	—
Investment Portfolio	9-11	9-11	4-5	4-5
Independent Auditor's Report	30-34	30-34	—	—
Statement of Comprehensive Income	35	35	6	6
Statement of Financial Position	36	36	7	7
Statement of Changes in Equity	37	37	8	8
Cash Flow Statement	38	38	9	9
Notes to the Financial Statements	39-54	39-54	10-12	10-12

#### 3. Selected financial information

The information regarding the Company in this paragraph 3 has been extracted directly from the historical financial information referred to in paragraph 2 of this Part 5. Selected historical financial information relating to the Company which summarises the financial condition of the Company for the two financial years ended 30 September 2017 and 30 September 2018 and the two six month periods ended 31 March 2018 and 31 March 2019 is set out in the following table:

	<i>Year ended 30 September 2017</i>	<i>Year ended 30 September 2018</i>	<i>Six months ended 31 March 2018</i>	<i>Six months ended 31 March 2019</i>
<b>Net Asset Value</b>				
Number of Ordinary Shares in issue	290,794,045	283,489,045	288,769,045	284,989,045
Net assets (£'000)	228,692	224,058	213,811	223,731
Net Asset Value per Share (p)	78.64	79.04	74.04	78.51
<b>Ordinary Share price (p)</b>	77.5	78.3	74.80	79.00
<b>Income</b>				
Total income before operating expenses (£'000)	9,490	9,040	4,180	3,694
Net profit/(loss) (£'000)	8,325	7,851	3,606	3,136
Performance fee (accrued/paid) (£'000)	N/A	N/A	N/A	N/A
Investment Manager fee charged to revenue (accrued/paid) (£'000)	568	569	284	258
Any other material fees (accrued/paid) to service providers (£'000)	460	476	248	250
Revenue return per Ordinary Share (p)	2.90	2.73	1.25	1.1
Dividend per Ordinary Share (p)	2.560	2.665	1.32	1.37
<b>Ongoing charges</b>				
As a percentage of average total Shareholders' funds (%)	0.95	0.96	—	—
<b>Portfolio summary</b>				
Shareholders' funds (£'000)	228,692	224,058	213,811	223,731

#### 4. Operating and financial review

A description of changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "Investment Manager's Report" and "Investment Portfolio" in the published annual reports and half yearly reports of the Company as follows:

<i>Nature of information</i>	<i>Annual report and accounts for the year ended 30 September 2017 Page No.</i>	<i>Annual report and accounts for the year ended 30 September 2018 Page No.</i>	<i>Half yearly report for the six months ended 31 March 2018 Page No.</i>	<i>Half yearly report for the six months ended 31 March 2019 Page No.</i>
Chairman's Statement	4-5	4-5	2-3	2-3
Investment Manager's Report	6-8	6-8	—	—
Investment Portfolio	9-11	9-11	4-5	4-5

#### 5. Significant change

Since 31 March 2019 (being the end of the most recent financial period of the Company for which financial information has been published), there has been no significant change in the financial position of the Company.

## 6. Capitalisation and indebtedness

The following table sets out the capitalisation and indebtedness of the Company (distinguishing between guaranteed and unguaranteed, and secured and unsecured indebtedness) as at 31 March 2019 (the information in the table below being unaudited financial information extracted from the half yearly report of the Company for the six months ended 31 March 2019):

	<i>As at 31 March 2019 £'000</i>
<b>Total current debt</b>	
– Guaranteed	—
– Secured	—
– Unguaranteed/unsecured	—
<b>Total Non-current debt</b>	
– Guaranteed	—
– Secured	—
– Unguaranteed/unsecured	—
<b>Shareholders' equity</b>	
– Stated capital	72,699
– Legal reserves (excl. revenue reserves)	82,061
– Other reserves	68,971
<b>Total equity</b>	<u>223,731</u>

There has been no material change to the capitalisation of the Company since 31 March 2019 (being the last date in respect of which financial information has been published by the Company).

The following table shows the Company's indebtedness as at 18 October 2019 (the information in the table being unaudited financial information extracted from internal management accounting records):

	<i>As at 18 October 2019 £'000</i>
A. Cash	7,944
B. Cash equivalent	—
C. Trading securities	237,482
<b>D. Liquidity (A+B+C)</b>	<u>245,425</u>
<b>E. Current financial receivable</b>	<u>566</u>
F. Current bank debt	—
G. Current portion of non-current debt	—
H. Trading securities receivable	94
I. Trading securities payable	1,144
J. Other current financial debt	2,637
<b>K. Current financial debt (F+G-H+I+J)</b>	<u>3,687</u>
<b>L. Net current financial indebtedness (K-E-D)</b>	<u>(242,304)</u>
M. Non-current bank loans	—
N. Debenture issued	—
O. Non-current loans	—
<b>P. Non-current financial indebtedness (M+N+O)</b>	<u>—</u>
<b>Q. Net financial indebtedness (L+P)</b>	<u>(242,304)</u>

## 7. Working capital

The Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements (that is, for at least the next 12 months from the date of this document).

## 8. Net Asset Value

The unaudited Net Asset Value per Share as at 18 October 2019 was 80.76 pence including current income.

## 9. Analysis of the Company's portfolio

As at 18 October 2019 (being the latest practicable date prior to the publication of this document), the Company's portfolio was valued at approximately £240 million and comprised 44 investments valued at approximately £235 million and net current assets with an aggregate unaudited value of approximately £5 million.

The following tables show the distribution of the portfolio by asset class and sector as at 18 October 2019 (being the latest practicable date prior to the publication of this document).

<i>By asset class</i>		<i>Percentage of total assets (%)</i>
Listed equities		98.0
Net current assets		2.0
		<hr/>
		100.0
		<hr/> <hr/>

  

<i>By sector</i>	<i>Valuation (£'000)</i>	<i>Percentage of total assets (%)</i>
Oil and gas	20,377	8.4
Basic materials	4,463	1.8
Industrials	13,728	5.7
Consumer goods	54,324	22.4
Healthcare	16,659	6.9
Telecommunications	4,012	1.7
Consumer services	33,677	13.9
Utilities	9,509	3.9
Financials	75,473	31.1
Technology	5,260	2.2
Net current assets	4,822	2.0
	<hr/>	<hr/>
	242,304	100.0
	<hr/> <hr/>	<hr/> <hr/>

The Company's 20 largest holdings as at 18 October 2019 (being the latest practicable date prior to the publication of this document) were as follows:

	<i>Valuation</i> (£'000)	<i>Percentage of</i> <i>total assets</i> (%)
Unilever	12,629	5.2
Lloyds Banking Group	11,135	4.6
Royal Dutch Shell	10,799	4.5
BP	9,579	3.9
GlaxoSmithKline	9,548	3.9
Compass Group	8,695	3.6
Experian	8,177	3.4
RELX	7,739	3.2
Nestle	7,271	3.0
National Grid	7,154	3.0
Astrazeneca	7,111	2.9
Reckitt Benckiser Group	7,055	2.9
WH Smith	6,705	2.8
Wells Fargo	6,549	2.7
British American Tobacco	6,537	2.7
Procter & Gamble	6,339	2.6
Next	5,859	2.4
Schroders	5,800	2.4
Coca-Cola	5,701	2.4
Londonmetric Property	5,611	2.3
	<u>155,993</u>	<u>64.4</u>

The information in this paragraph 9 is unaudited information on the Company, which has been extracted from internal management accounting records held by the Company and has not been reported on by an accountant.

There has been no significant change in the holdings that make up the Company's portfolio from 18 October 2019 to the date of this document.

## PART 6

### TAXATION

The information contained in this document relating to taxation is a summary of the taxation matters which the Directors consider should be brought to the attention of prospective investors. The following statements are intended as a general guide only and do not constitute legal or tax advice to any Shareholder or prospective Shareholder or investor. They are based upon the United Kingdom law and HM Revenue & Customs practice currently in force and relate only to the position of Shareholders who are beneficial owners of their Ordinary Shares. They may not relate to certain categories of Shareholders, such as dealers in securities. Prospective investors should consult their own professional advisers on the potential tax consequences of acquiring, holding or selling Ordinary Shares in the Company.

#### 1. The Company

It is the intention of the Directors to continue to conduct the affairs of the Company so as to satisfy the conditions for approval as an investment trust under section 1158 of the CTA 2010. The Company has been approved as an investment trust pursuant to the Investment Trust (Approved Company) (Tax) Regulations 2011, which came into force on 1 January 2012, and have applied to the Company from its accounting period beginning 1 October 2012. The Company will therefore continue to have investment trust status in each accounting period going forward, other than to the extent that the Company commits a serious breach of one of the conditions for qualification as an investment trust and will be exempt from United Kingdom taxation on its capital gains. In order to maintain its investment trust status for an accounting period, the Company must not, *inter alia*, be a close company at any time in that accounting period. The Directors do not anticipate that the Company will be a close company.

The Company will, however, be liable to UK corporation tax on its income profits in the normal way, with dividend income generally being exempt from UK corporation tax. Income arising from overseas investments may be subject to withholding taxes under the appropriate domestic legislation in the country in which the investment is situated. Depending on the specific investment, double taxation relief may be available against the Company's UK corporation tax liability in relation to withholding taxes suffered on overseas income.

#### 2. Shareholders

##### 2.1. Taxation of capital gains

Shareholders resident in the UK for taxation purposes may, depending upon their personal circumstances, be liable to UK capital gains tax or, in the case of corporations, UK corporation tax on chargeable gains arising from the sale or other disposal (which includes disposal upon a winding up) of their Ordinary Shares. On such a disposal by an individual Shareholder who is resident in the UK for taxation purposes, a rate of tax of 20 per cent. for individuals who pay income tax at the higher or additional rates of tax; otherwise a tax rate of 10 per cent. applies. An individual may be able to claim certain reliefs (including the annual exemption in respect of the first £12,000 of capital gains realised in the financial year 2019/20).

Shareholders who are not resident in the UK for taxation purposes will not normally be liable to UK capital gains tax arising from the sale or other disposal of their Ordinary Shares unless (in the case of a corporate shareholder) those Ordinary Shares are held through a UK branch or agency, although they may be subject to foreign taxation depending upon their personal circumstances.

##### 2.2. Taxation of dividends

Each individual who is resident in the UK for tax purposes is entitled to an annual tax free dividend allowance of £2,000 (tax year 2019/2020). Dividends received in excess of this threshold will be taxed, for the fiscal year 2019/20 at 7.5 per cent. (basic rate taxpayers), 32.5 per cent. (higher rate taxpayers) and 38.1 per cent. (additional rate taxpayers).



In general, UK resident corporate Shareholders (other than dealers and certain insurance companies) are not liable to UK corporation tax or UK income tax in respect of dividends, except in certain circumstances.

Non-UK resident Shareholders may be subject to tax on dividend income under any law to which they are subject outside the UK. Under current legislation, no withholding tax will be deducted from any dividends paid by the Company.

### **3. Stamp duty and stamp duty reserve tax**

An agreement to transfer Ordinary Shares through CREST will normally be subject to stamp duty reserve tax at the rate of 0.5 per cent. However, if the transferee is a person to whom the depositary receipt or clearance service charge to stamp duty reserve tax may apply, stamp duty reserve tax at the rate of 1.5 per cent. is applicable to the value of the consideration paid. If an instrument of transfer of the Ordinary Shares is subsequently executed (if the Ordinary Shares are not transferred through CREST), it will generally be subject to stamp duty at the rate of 0.5 per cent. Where the transferor is a person to whom the depositary receipt or clearance service charge to stamp duty may apply, stamp duty at the rate of 1.5 per cent. is applicable to the value of the consideration paid. In either case, the duty paid will be rounded up to the nearest multiple of £5. When such an instrument of transfer is duly stamped and stamp duty is paid within specified time limits, the stamp duty reserve tax charge will be cancelled, and any stamp duty reserve tax already paid will be refunded.

When Ordinary Shares are transferred in CREST, there will be no stamp duty reserve tax on the transfer (unless made for a consideration, in which case stamp duty reserve tax will be payable at the rate of 0.5 per cent. of the actual consideration paid).

Liability to pay stamp duty or stamp duty reserve tax is normally that of the transferee or purchaser.

### **4. SIPPs and SSASs**

Ordinary Shares will be permitted investments for SIPPs and SSASs.

## PART 7

### GENERAL INFORMATION

#### 1. Incorporation and general

- 1.1. The Company was incorporated and registered in Scotland on 28 June 1988 as a public company limited by shares with registered number SC111955. The Company operates under the Companies Act and regulations made thereunder. Its registered office and principal place of business is 10 St. Colme Street, Edinburgh EH3 6AA (telephone number: 0131 538 1400). Save for its compliance with the Companies Act, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules, the Market Abuse Regulation and the AIC Code, the Company is not a regulated entity.
- 1.2. In accordance with the Companies Act, the objects of the Company are unrestricted.
- 1.3. As at the date of this document, the Company has no subsidiary or parent undertakings, associated companies or employees and neither owns nor leases any premises.
- 1.4. The AIFM and Administrator is a private limited company incorporated in Scotland under the Companies Act on 8 October 2009 with registered number SC366565. The AIFM's registered office is at 21 Walker Street, Edinburgh EH3 7HX (telephone number: 0131 538 1400). The AIFM is authorised and regulated by the FCA with firm reference number 613546.
- 1.5. The Investment Manager is a private limited company and was incorporated in England and Wales under the Companies Act 1985 with the registered number 03930846 on 22 February 2000. The Investment Manager operates under the Companies Act. Its registered office is Hill House, 1 Little New Street, London EC4A 3TR and its principal place of business is 33 Davies Street, London W1K 4BP (telephone number: 0207 499 4030). The Investment Manager is authorised and regulated by the FCA with firm reference number 195764.
- 1.6. The Depositary is a private limited company and was incorporated in England and Wales with registered number 00938937 on 18 September 1968. The Depositary's registered office is 25 Bank Street, Canary Wharf, London E14 5JP (telephone number: 0207 742 4000). The Depositary is authorised by the PRA and regulated by the FCA and PRA with firm reference number 124579. The Depositary has delegated the custody function to J.P. Morgan Chase Bank N.A.

#### 2. Share capital

- 2.1. The issued share capital of the Company (all of which issued Shares are and will be fully paid-up) as at the date of this document and immediately following the Issues (assuming the maximum number of available New Shares are issued pursuant to the Share Issuance Programme and 13,749,463 New Shares are issued in connection with the Scheme, being the amount that would have been issued had the Calculation Date been 18 October 2019 (being the latest practicable date prior to the publication of this document)) will be as follows:

	<i>No. of Ordinary Shares</i>
<b>As at the date of this document</b>	
Ordinary Shares	300,029,045
<b>Immediately following the Scheme*</b>	
Ordinary Shares	313,778,508
<b>Immediately following the Scheme and the Share Issuance Programme**</b>	
Ordinary Shares	393,778,508

\* Assuming that 13,749,463 New Shares are issued pursuant to the Scheme based upon a Calculation Date of 18 October 2019. The actual number of New Shares to be issued pursuant to the Scheme will be calculated on 14 November 2019 and announced via a Regulatory Information Service.

\*\* Assuming that all available New Shares are issued under the Share Issuance Programme.

- 2.2. As at 18 October 2019 (being the latest practicable date prior to the publication of this document) the Company held no Ordinary Shares in treasury.

- 2.3. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 2.4. The Company does not have in issue any securities not representing share capital. No convertible securities, exchangeable securities or securities with warrants have been issued by the Company.
- 2.5. No Ordinary Shares are currently in issue with a fixed date on which entitlement to a dividend arises or within a time limit after which entitlement to a dividend will lapse in accordance with the Articles and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 2.6. The following changes have occurred in the share capital of the Company between 1 October 2016 and 31 March 2019:
  - 2.6.1. during the financial year from 1 October 2016 to 30 September 2017 the Company bought back 120,000 Ordinary Shares into treasury, issued 120,000 Ordinary Shares from treasury and issued 8,825,000 new Ordinary Shares;
  - 2.6.2. during the financial year from 1 October 2017 to 30 September 2018 the Company bought back 9,630,000 Ordinary Shares into treasury and issued 2,325,000 Ordinary Shares from treasury; and
  - 2.6.3. during the six months from 1 October 2018 to 31 March 2019 the Company bought back 1,050,000 Ordinary Shares and issued 2,550,000 Ordinary Shares from treasury.
- 2.7. As at 1 October 2016, the Company had in issue 281,969,045 Ordinary Shares and, as at 31 March 2019, the Company had in issue 284,989,045 Ordinary Shares of which 5,805,000 were Ordinary Shares held in treasury.

### **3. Share capital authorities**

- 3.1. At the annual general meeting of the Company held on 23 January 2019, the Directors were authorised as follows:
  - 3.1.1. generally and unconditionally pursuant to section 551 of the Companies Act, to allot Ordinary Shares up to an aggregate nominal amount of £23,536,500 such authority to expire on 31 March 2020 or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of the resolution;
  - 3.1.2. pursuant to sections 570 of the Companies Act, to allot equity securities (as defined in section 560 of the Companies Act) and to sell Ordinary Shares held by the Company in treasury up to an aggregate nominal amount of £14,539,700, wholly for cash pursuant to the authority noted in paragraph 3.1.1 above as if sub-section 561(1) of the Companies Act did not apply to any such allotment or sale, such authority to expire on 31 March 2020 or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of the resolution; and
  - 3.1.3. in accordance with section 701 of the Companies Act to make market purchases (within the meaning of section 693(4) of the Companies Act) of Shares provided that the maximum number of Ordinary Shares authorised to be purchased is 14.99 per cent. of the Ordinary Shares in issue as at the date of the passing of the resolution (excluding treasury shares). The minimum price which may be paid for an Ordinary Share is 25 pence. The maximum price which may be paid for an Ordinary Share must not be more than the higher of (i) five per cent. above the average of the mid-market value of the Ordinary Shares for the five Business Days before the purchase is made or (ii) the higher of the last independent trade and the highest current independent bid for Ordinary Shares. Such authority will expire on 31 March 2020 or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of the resolution.
- 3.2. As at 18 October 2019, being the latest practicable date prior to the publication of this document, the Company had issued 16,930,000 Ordinary Shares in accordance with the authority granted under paragraph 3.1.2 above and therefore has remaining authority to issue up to 41,228,800 Ordinary Shares.

- 3.3. As at 18 October 2019, being the latest practicable date prior to the publication of this document, the Company had bought back 140,000 Ordinary Shares in accordance with the authority granted under paragraph 3.1.3 above and therefore has remaining authority to buyback up to 42,317,532 Ordinary Shares.
- 3.4. The Directors intend to request Shareholders renew the authorities set out in paragraph 3.1 above at the annual general meeting of the Company to be held in January 2020.

#### **4. Articles of Association**

The Ordinary Shares (which at the date of this document are the only class of share in issue in the Company) have attached thereto the respective rights and privileges and are subject to the respective limitations and restrictions set out in this paragraph 4. The Articles contain provisions, *inter alia*, to the following effect:

##### *4.1. Dividends*

Subject to the provisions of the Companies Act, the Company may by ordinary resolution from time to time declare dividends in accordance with the respective rights of the members and no dividend shall exceed the amount recommended by the Board. The Board may also pay such interim dividends as appear to them to be justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the Board whenever the financial position of the Company, in the opinion of the Board, justifies its payment.

##### *4.2. Voting*

###### *4.2.1. General voting rights*

The holder of an Ordinary Share shall be entitled to receive notice of and to attend, speak and vote at all general meetings of the Company in person (or, if a corporation, by a duly authorised representative) or by proxy. At any general meeting, on a show of hands every holder of Ordinary Shares who is present and entitled to vote shall have one vote and upon a poll every such holder of shares present in person, by corporate representative or by proxy shall have one vote in respect of each share held by him and every corporate representative present in person may exercise all the powers on behalf of the company which authorised him to act as its representative and shall have one vote for every share in respect of which he is appointed the corporate representative. However, no member shall be entitled to exercise a vote at any general meeting (or class meeting): (i) in relation to an Ordinary Share if any call or other sum immediately payable by him in respect of that Ordinary Share remains unpaid; or (ii) in relation to any Ordinary Shares if a member has been served with a statutory notice by the Directors in the manner described in paragraph 4.2.2 below and has failed to supply to the Company the information required thereby within 14 days.

###### *4.2.2. Restrictions on voting*

If a holder of Ordinary Shares or any person appearing to be interested in those Shares is served with a statutory notice by the Company under section 793 of the Companies Act (which notice demands the disclosure of certain information regarding the relevant receiver's interest in the Shares) but defaults in supplying to the Company the information thereby required within 14 days of the service of such notice then the Directors may serve on the holder of those Ordinary Shares a further notice (a "restriction notice") the effect of which is, *inter alia*, to prevent the holder from voting at any general meeting or class meeting of the Company in respect of those Ordinary Shares.

##### *4.3. Redeemable shares*

The Company may (subject to company law and any rights conferred on the holders of any other Shares) issue shares which are to be redeemed, or are liable to be redeemed, at the option of the Company or the holder of the share and the Board is authorised to determine the terms, conditions and manner of redemption of any such shares.

#### 4.4. *Transfer of shares*

- 4.4.1. The Articles provide that Ordinary Shares may be transferred on the basis that any member may transfer all or any of his shares by an instrument of transfer in any usual form, or in any other form which the Board may approve in respect of certificated shares. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor shall be deemed to remain the holder of the Ordinary Share concerned until the name of the transferee is entered in the register of members of the Company in respect of it.
- 4.4.2. However the Board may, in its absolute discretion and without giving any reason for so doing, decline to register any transfer of any Ordinary Share (not being fully paid shares) and may decline to register any transfer of an Ordinary share in respect of which the Company has a lien.
- 4.4.3. In relation to certificated Ordinary Shares, the Board may also decline to register any transfer unless:
- (a) the instrument of transfer is left at the registered office of the Company or such other place as the Board may from time to time determine accompanied (save in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued) by the certificate for the Ordinary Share to which it relates and such other evidence as the Board may reasonably require to show the right of the person executing the instrument of transfer to make the transfer;
  - (b) the instrument of transfer is in respect of only one class of Ordinary Share; and
  - (c) in the case of a transfer to joint holders, the number of joint holders to whom the Ordinary Share is to be transferred does not exceed four.

#### 4.5. *Variations of rights*

All or any of the rights for the time being attached to any class of shares in issue may from time to time (whether or not the Company is being wound up) be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. All the provisions of the Articles as to general meetings of the Company (described at paragraph 4.8.6 below) shall, *mutatis mutandis*, apply to any such separate general meeting, but so that the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares), (but so that at any adjourned meeting one holder present in person or by proxy (whatever the number of Shares held by him) shall be a quorum), that every holder of shares of the class present in person or by proxy (excluding any shares of that class held as treasury shares) shall be entitled on a poll to one vote for every shares of the class held by him (subject to any rights or restrictions attached to any class of shares) and that any holder of shares of the class present in person or by proxy may demand a poll. The foregoing provisions shall apply to the variation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class and their special rights were to be varied.

#### 4.6. *Reduction of capital*

The Company may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or any other undistributable reserve in any manner permitted by law.

#### 4.7. *Borrowing powers*

- 4.7.1. The Board may, subject to the restrictions set out below, exercise all of the powers of the Company to borrow money or raise money as they think necessary for the purposes of the Company.

4.7.2. The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (as regards subsidiaries so far as by such exercise they can secure) that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Company (exclusive of intra group borrowings) shall not, except with the sanction of the Company in general meeting, exceed at the time of borrowing an amount equal to the aggregate of twice (1) the amount paid up or credited as paid up on the capital of the Company plus (2) the amount standing to the credit of the consolidated capital and revenue reserves (including share premium account and any balance on the consolidated profit and loss account), all as shown in the latest published consolidated balance sheet of the Company and its subsidiaries but (i) adjusted in respect of any variation in the paid up capital and share premium account of the Company since the date of that balance sheet and (ii) excluding any amounts set aside for taxation and any amounts attributable to outside shareholders in subsidiaries and (iii) deducting any debit balance on the consolidated profit and loss account at the date of that balance sheet and (iv) excluding any amount representing unrealised appreciation on capital assets as shown in such balance sheet.

4.7.3. The term “moneys borrowed” shall be deemed to include:

- (a) the nominal amount of any issued debentures (as defined in section 738 of the Companies Act) notwithstanding that the same be issued in whole or in part for a consideration other than cash;
- (b) the nominal amount of any issued share capital and the principal amount of any moneys borrowed, the repayment whereof is guaranteed by the Company or any of its subsidiaries (together in each case with any fixed or minimum premium payable on final redemption or repayment) except so far as either (i) such share capital or the debt owing in respect of such borrowed moneys are for the time being beneficially owned by the Company or by any of its subsidiaries or (ii) such borrowed moneys are otherwise taken into account as moneys borrowed by the Company or any of its subsidiaries.

#### 4.8. *Directors*

##### 4.8.1. *Number of Directors*

The minimum number of Directors is two and the maximum number of Directors is ten.

##### 4.8.2. *Appointment and removal of Directors*

The Company may by ordinary resolution appoint any person who is willing to act to be a Director (either as an addition to the Board or to fill a vacancy). The Board may also appoint any person to the Board (either as an addition or to fill a vacancy) for the period from the date of appointment until the next general meeting.

Each Director shall retire from office at the third annual general meeting after the annual general meeting at which he was last elected.

The Company may remove a Director at any time by special resolution.

The office of Director shall also be vacated if:

- (a) he resigns his office by notice in writing; or
- (b) by notice in writing he offers to resign and the Board resolves to accept such offer; or
- (c) by notice in writing his resignation is requested by all of the other Directors and all of the other Directors are not less than three in number; or
- (d) he is or has been suffering from mental ill health or becomes a patient for any purpose of any statute relating to mental health and the Board resolves that his office is vacated; or



- (e) he is absent without the permission of the Board from meetings of the Board (whether or not an alternate director appointed by him attends) for six consecutive months and the Board resolves that his office is vacated; or
- (f) he becomes bankrupt or compounds with his creditors generally; or
- (g) he is prohibited by law from being a Director; or
- (h) he ceases to be a Director by virtue of company law or is removed from office pursuant to the Articles.

#### 4.8.3. *Directors' fees, expenses and remuneration*

The fees paid to Directors for their services as Directors and such benefits in kind as the Board may from time to time determine shall not exceed £76,400 in aggregate per annum subject to annual upwards adjustment on 1 October in each year by reference to the percentage rate of exchange in the Retail Price Index published by the Office of National Statistics in respect of the preceding 12 months period unless for any valid reason the number of directors appointed to the Board shall be permanently or temporarily increased, in which case the maximum aggregate fee may be increased proportionately and such remuneration shall be divided between the directors as the Board shall agree or, failing agreement, equally. Such remuneration shall be deemed to accrue from day to day. A Director may also be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board (or any committee thereof) and any other meeting that he is entitled to attend and all other costs and expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties. A Director who is appointed to any executive office or 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 (or any committee thereof) may think fit.

#### 4.8.4. *Directors' interests*

No Director or proposed or intending director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any contract in which any Director is in any way interested be liable to be avoided, nor shall any Director who is so interested be liable to account to the Company or the members for any remuneration, profit or other benefit realised by the contract by reason of the Director holding that office or of the fiduciary relationship thereby established.

A Director may hold any other office or place of profit with the Company (except that of auditor) for such period (subject to company law) and upon such terms as the Board may decide, and may be paid such extra remuneration for so doing as the Board or any committee authorised by the Board may decide, and either in addition to or in lieu of any remuneration provided for by or pursuant to any other Article.

A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested or as regards which it has any power of appointment, and shall not be liable to account to the Company or the members for any remuneration, profit or other benefit received by him as a Director or officer of or from his interest in the other company.

A Director may act by himself or his firm in a professional capacity (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

A Director shall not vote on or be counted in the quorum in relation to any resolution of the Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested.

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board in respect of any actual or proposed transaction or arrangement with the



Company in which he has an interest which (taken together with any interest of any person connected with him) is to his knowledge an interest of which he is aware, or ought reasonably to be aware, does conflict, or can reasonably be regarded as likely to give rise to a conflict, with the interests of the Company and, if he shall do so, his vote shall not be counted (subject to certain exceptions provided under the Articles).

A Director who is in any way, whether directly or indirectly, interested in an actual or proposed transaction or arrangement with the Company shall declare the nature and extent of his interest at the meeting of the Board at which the question of entering into the contract is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested.

In respect of any situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, the Board may authorise the matter, on such terms as they may determine, provided that:

- (a) the Director has declared the full nature and extent of the situation to the Board; and
- (b) it is proposed (either by the Director in question or another) that the Board authorise the matter and upon the resolution to do so the requirement for the quorum is met without counting the Director in question and the resolution was agreed to without such Director voting or would have been agreed to if that conflicted Director's vote had not been counted.

Any authorisation given by the Board under the Articles may provide that, where the interested Director obtains (other than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose it to the Company or use it in relation to the Company's affairs in circumstances where to do so would amount to breach of confidence.

Subject to company law and the Listing Rules, the Company may by ordinary resolution suspend or relax the above provisions on Directors' conflicts to any extent or ratify any contract not properly authorised by reason of a contravention of the Articles.

#### 4.8.5. *Voting and quorum*

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

The quorum at Board meetings shall be two Directors (unless fixed at another number by the Board).

#### 4.8.6. *General meetings*

Annual general meetings shall be convened by not less than 21 clear days' notice in writing. Subject to the Companies Act, all other general meetings shall be called by not less than 14 clear days' notice in writing. The notice shall specify the place, day and time of the meeting, the general nature of the business to be transacted, the address of the website where information relating to the meeting is available, the record date, any procedures as to attendance and voting and an explanation of the right to ask questions and the right to requisition resolutions in accordance with the Companies Act. Notice of every general meeting shall be given to all members other than any who, under the provisions of the Articles or the terms of issue of the Shares they hold, are not entitled to receive such notices from the Company, and also to the Auditors.

Subject to the Companies Act, and notwithstanding that a meeting of the Company is convened by shorter notice than that specified above, it shall be deemed to have been properly convened if it is so agreed:

- (a) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and

- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent., in nominal value of the shares giving that right.

The Directors may, from time to time, make such arrangements for the purpose of controlling the level of attendance at any such place as they shall, in their absolute discretion, consider appropriate, and may from time to time vary any such arrangements or make any new arrangements in place of them, provided that the entitlement of a member to attend a meeting or adjourned meeting shall be satisfied by his being given the entitlement to attend at such place as may be specified by the Directors for the purpose.

The Board may direct that persons wishing to attend any general meeting should submit to such searches or other security arrangements or restrictions as the Board shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to refuse entry to, or to eject from, such general meeting any person who fails to submit to such searches or otherwise to comply with such security arrangements or restrictions.

## 5. Directors and their interests

- 5.1. It is estimated that the aggregate remuneration to be paid and benefits in kind to be granted to the Directors by the Company for the current financial period ending 30 September 2020 will be £111,000 split as follows:

David Warnock	£35,000
Jann Brown	£28,000
David Garman	£24,000
Roger White	£24,000

- 5.2. The Directors' fees are reviewed annually. The total remuneration paid and benefits in kind granted to the Directors will not be varied as a consequence of the Issues. No Director is eligible for pension, retirement or similar benefits and no amounts have been set aside by the Company to provide pension, retirement or similar benefits.
- 5.3. No Director has a service contract with the Company, nor are any such contracts proposed. Each Director has been appointed pursuant to a letter of appointment entered into with the Company. Their appointments are subject to the Articles and can be terminated without notice and without compensation.
- 5.4. No potential conflicts of interests exist between the duties carried out on behalf of the Company by the Directors and their private interests and/or other duties.
- 5.5. No loan or guarantee has been granted or provided by the Company for the benefit of any Director.
- 5.6. The Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.
- 5.7. The Company has entered into deeds of indemnity in favour of each of the Directors to the extent permitted by law.
- 5.8. As at 18 October 2019 (being the latest practicable date prior to the publication of this document), the interests of the Directors in the issued share capital of the Company were as follows:

	<i>No. of Ordinary Shares held</i>	<i>Percentage of issued share capital</i>	<i>No. of CIT Shares held</i>	<i>Percentage of issued share capital after completion of the Scheme*</i>
David Warnock	500,000	0.17%	13,000	0.21%
Jann Brown	87,563	0.03%	—	0.03%
David Garman	100,000	0.03%	—	0.03%
Roger White	300,000	0.10%	—	0.10%

\* Assumes that 13,749,463 New Shares are issued in accordance with the Scheme.

- 5.9. Details of those companies (other than the Company and subsidiaries of the companies disclosed below) and partnerships of which the Directors have been a member of the administrative, management or supervisory body or a partner at any time in the five years immediately preceding the date of this document are as follows:

	<i>Current Directorships</i>	<i>Previous Directorships</i>
David Warnock	<ul style="list-style-type: none"> <li>■ BMO Managed Portfolio Trust plc</li> <li>■ Seneca Asset Managers Limited</li> <li>■ Seneca Investment Managers Limited</li> </ul>	<ul style="list-style-type: none"> <li>■ British Polythene Industries plc</li> <li>■ City Health Clinic Group Limited</li> <li>■ City Health Clinic Edinburgh Limited</li> <li>■ Midas Capital Partners Limited</li> <li>■ Standard Life European Private Equity Trust plc</li> </ul>
Jann Brown	<ul style="list-style-type: none"> <li>■ Pharos Energy plc</li> </ul>	<ul style="list-style-type: none"> <li>■ Cairn Energy plc</li> <li>■ CCAB Limited</li> <li>■ John Wood Group plc</li> <li>■ Magna Energy Limited</li> </ul>
David Garman	<ul style="list-style-type: none"> <li>■ Babble Cloud Holdings Limited</li> <li>■ John Menzies plc</li> <li>■ Speedy Hire plc</li> <li>■ The Oakwood Partnership Limited</li> </ul>	<ul style="list-style-type: none"> <li>■ At Pizza Limited</li> <li>■ Neatcrown Holding Limited</li> <li>■ Onyx Logistics Limited</li> <li>■ The Lodge (Packhouse Road) Management Company Limited</li> <li>■ Velocity Holdco Limited</li> </ul>
Roger White	<ul style="list-style-type: none"> <li>■ A.G. Barr plc</li> <li>■ The British Soft Drinks Association Limited</li> <li>■ Elegantly Spirited Limited</li> <li>■ William Jackson Foods Limited</li> </ul>	<ul style="list-style-type: none"> <li>■ None</li> </ul>

- 5.10. As at the date of this document, none of the Directors:

- 5.10.1. has any convictions in relation to fraudulent offences for at least the previous five years;
- 5.10.2. has been the subject of any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or a partner of the companies and/or partnerships referred to in paragraph 5.9 above; or
- 5.10.3. has been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

- 5.11. The Company Secretary maintains a conflicts of interest register to monitor any potential conflicts of interest between any duties of the Directors to the Company and their private interests and/or other duties.
- 5.12. No Director has or has had any direct or indirect interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of the Company and which has been effected by the Company in the in the five years immediately preceding the date of this document.
- 5.13. All of the Directors are independent of the Investment Manager and any other company in the same group of companies as the Investment Manager.

## **6. Subsidiary undertakings**

The Company has no subsidiary undertakings.

## 7. Substantial Share interests

7.1. As at close of business on 18 October 2019 (being the latest practicable date prior to the publication of this document), the Company was aware of the following persons who have, directly or indirectly, interests in three per cent. or more of the issued share capital of the Company:

<i>Registered Shareholder</i>	<i>No. of shares held</i>	<i>Percentage of issued share capital</i>
Clients of Brewin Dolphin Limited	29,019,323	9.67%
Clients of Rathbone Brothers plc	14,296,573	4.77%
Clients of Troy Asset Management Limited	9,852,046	3.28%

7.2. The Company is not aware of any person or persons who, following the Issues will or could, directly or indirectly, jointly or severally, exercise control over the Company. There are no different voting rights for any Shareholder.

## 8. Material contracts

The following are all of the material contracts, other than contracts entered into in the ordinary course of business, that have been entered into by the Company within two years preceding the date of the publication of this document and any other contract, not being a contract entered into in the ordinary course of business, that has been entered into by the Company which contains any provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document.

### 8.1. Investment Management Agreement

The Investment Management Agreement dated 22 July 2014 (as amended by the side letters dated 22 May 2018 and 1 October 2019) between the Company and PATAC (previously known as Personal Assets Trust Administration Company Limited) whereby the AIFM has been appointed to act as the alternative investment fund manager of the Company, to manage the investments and other assets of the Company in accordance with the investment policy and such investment guidelines as may be notified from time to time by the Board.

The AIFM is entitled to a management fee, payable quarterly in arrears, equal to 0.015 per cent. of Shareholders' funds per annum, subject to a minimum fee of £60,000 (plus VAT). The AIFM shall notify the Board of the amount and payment of its fees, together with a detailed basis of their calculation, at the first meeting of the Board following such payment.

The Investment Management Agreement provides that the Board may consent to the AIFM delegating the provision of investment management to a third party but will remain liable for the acts of any such third party. The AIFM has delegated the day-to-day management of the portfolio to Troy.

The Investment Management Agreement will continue until terminated at any time by either party giving to the other not less than six months' written notice and may be terminated immediately by written notice in the event of certain circumstances, including *inter alia*, a continuing material breach of the Investment Management Agreement by, or the insolvency of, the other party. The Company may terminate the contract on less than six months' notice on payment of an early termination fee. If there is any change to any value of the agreed thresholds and profiles, whether explicitly required by the FCA or not, or if the Company notifies the AIFM of an intended breach to any value of the agreed thresholds and profiles, then the AIFM may have a right of early termination.

The AIFM has agreed to indemnify the Company in respect of any losses incurred as a result of any misconduct, negligence, wilful default or fraud of the AIFM or any breach by the AIFM of its duties or obligations under the Investment Management Agreement.

The Company has agreed to indemnify the AIFM in respect of any claims by third parties which may be made against them in connection with the provision of services under the Investment Management Agreement except to the extent that the claim is due to the misconduct, negligence, wilful default or fraud of the AIFM.

## 8.2. *Investment Management Delegation Agreement*

The Investment Management Delegation Agreement dated 22 July 2014 (as amended by side letters dated 22 May 2018, 23 January 2019 and 1 October 2019) between the Company, the Investment Manager and the AIFM pursuant to which the AIFM has delegated the day-to-day management of the portfolio to the Investment Manager. Under the terms of the Investment Management Delegation Agreement, the Investment Manager does not earn a fixed fee but is entitled to a management fee payable on a quarterly basis in arrears. The management fee is calculated on a monthly basis as one twelfth of 0.65 per cent. of the value of the Company's net assets. The fees payable to the Investment Manager are reduced by the amount payable by the Company to the AIFM for its services. The Investment Management Delegation Agreement will continue until terminated at any time by either party giving to the other not less than six months' written notice and may be terminated immediately by written notice in the event of certain circumstances, including *inter alia*, a continuing material breach of the agreement by, or the insolvency of, the other party. The Company and the AIFM have agreed to indemnify the Investment Manager in respect of any claims by third parties which may be made against them in connection with the provision of services under the Investment Management Delegation Agreement except to the extent that the claim is due to the misconduct, negligence, wilful default or fraud of the Investment Manager. The Investment Manager has agreed to indemnify the Company and the AIFM in respect of any losses incurred as a result of any misconduct, negligence, wilful default or fraud of the Investment Manager or any breach by the Investment Manager of its duties or obligations under the Investment Management Delegation Agreement.

## 8.3. *Administration Agreement*

The Administration Agreement dated 1 October 2019 between the Company and the Administrator pursuant to which PATAC is appointed to continue to provide secretarial and administrative services to the Company. The Administrator is entitled to receive an annual fee for its services, payable quarterly in arrears.

The Administrator receives an administration fee equal to £100,000 per annum plus an amount equal to 0.1 per cent. of the Company's net assets between £50 million and £100 million, 0.03 per cent. of the Company's net assets between £100 million up to and including £250 million and 0.02 per cent. of the Company's net assets between £250 million up to and including £1,000 million. The Administrator is also entitled to receive a fee in connection with the operation of the Company's discount control mechanism of £30,000 per annum plus the lower of (i) a charge of £250 per transaction; and (ii) a commission of 0.1 per cent. of the aggregate proceeds of any transaction undertaken in accordance with the Company's discount control mechanism. The fixed fee elements of the fees are adjusted annually by the increase in the Consumer Price Index.

The Company has agreed to indemnify the Administrator in respect of any claims by third parties arising out of its performance under the Administration Agreement, except to the extent that the claim is due to a material breach by the Administrator of the Administration Agreement or the misconduct, negligence, wilful default or fraud of the Administrator. The Administrator has agreed to indemnify the Company in respect of any claims by third parties to the extent that they arise out of a material breach by the Administrator of its performance of the Administration Agreement or the misconduct, negligence, wilful default or fraud of the Administrator. The Administration Agreement may be terminated by either party giving to the other not less than three months' notice in writing. Any party may terminate the Administration Agreement at any time by giving notice in writing in certain circumstances, including, a material breach of the Administration Agreement by, or the insolvency of, the other party.

## 8.4. *Transfer Agreement*

If the resolution to be proposed at the CIT Second General Meeting is passed, the Company will enter into the Transfer Agreement on or about the Effective Date, pursuant to which the cash, undertaking and other assets of CIT will be transferred to the Company in consideration for the issue of New Shares to CIT Shareholders. The parties to the Transfer Agreement have entered into irrevocable undertakings, to enter into the Transfer Agreement on the Effective Date.



## **9. Related party transactions**

The Company was not a party to, nor had any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No 1606/2002) at any time since 31 March 2019, being the date of the last financial statements published by the Company.

## **10. Mandatory bids, squeeze-out and sell-out rules**

### **10.1. Mandatory bids**

As a company incorporated in Scotland with shares admitted to trading on the Main Market, the Company is subject to the provisions of the Takeover Code. Under Rule 9 of the Takeover Code, any person or group of persons acting in concert with each other who, taken together with shares already held by that person or group of persons, acquires 30 per cent. or more of the voting rights of the Company or holds not less than 30 per cent. but not more than 50 per cent. of the voting rights exercisable at a general meeting and acquires additional shares or interests in shares which increase the percentage of their voting rights, would normally be required to make a general offer in cash at the highest price paid within the preceding 12 months for all the remaining equity share capital of the Company.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9. A shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9. However, under note 2 to Rule 37, where a shareholder has acquired shares at a time when it had reason to believe that a purchase by the company of its own voting shares might take place, an obligation to make a mandatory bid under Rule 9 may arise in certain circumstances. The buying back by the Company of Ordinary Shares could, therefore, have implications for Shareholders with significant shareholdings.

### **10.2. Squeeze-out rules**

Other than as provided by the Companies Act there are no rules or provisions relating to squeeze-out and sell-out rules in relation to the Ordinary Shares.

### **10.3. Sell-out rules**

The Companies Act gives minority Shareholders a right to be bought out in certain circumstances by a person who has made a general offer as described in paragraph 10.1 of this Part 7. If, at any time before the end of the period within which the general offer can be accepted, the offeror holds or has agreed to acquire not less than 90 per cent. of the shares in the Company, any holder of the shares to which the general offer relates who has not accepted the general offer can, by a written communication to the offeror, require it to acquire that holder's shares.

The offeror is required to give each Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his rights, the Offeror is entitled and bound to acquire those shares.

## **11. Investment restrictions**

### **11.1. In accordance with the requirements of the FCA, the Company:**

- 11.1.1. will not invest more than ten per cent. in aggregate of the value of the total assets of the Company in other investment companies or investment trusts which are listed on the premium listing segment of the Official List, save for other investment companies or investment trusts which themselves have published investment policies to invest no more than 15 per cent. of their total assets in other investment companies or investment trusts;
- 11.1.2. will not conduct any trading activity which is significant in the context of the Company as a whole; and
- 11.1.3. will, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk in accordance with its published investment policy.

- 11.2. As an investment trust, the Company aims to comply with section 1158 of the CTA 2010, which imposes on the Company an obligation to spread investment risk.
- 11.3. In accordance with the requirements of the FCA, the Company will not make any material change to its published investment policy without the approval of its Shareholders by ordinary resolution. Such an alteration would be announced by the Company through a Regulatory Information Service.
- 11.4. In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company by an announcement issued through a Regulatory Information Service.

## **12. Disclosure requirements and notification of interest in shares**

- 12.1. Under Chapter 5 of the Disclosure Guidance and Transparency Rules, subject to certain limited exceptions, a person must notify the Company (and, at the same time, the FCA) of the percentage of voting rights he holds (within two trading days) if he acquires or disposes of shares in the Company to which voting rights are attached and if, as a result of the acquisition or disposal, the percentage of voting rights which he holds as a Shareholder (or, in certain cases, which he holds indirectly) or through his direct or indirect holdings of certain types of financial instruments (or a combination of such holdings):
  - 12.1.1. reaches, exceeds or falls below three per cent. of each one per cent. threshold thereafter; or
  - 12.1.2. reaches, exceeds or falls below an applicable threshold in paragraph 12.1.1 of this Part 7 as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by the Company.
- 12.2. The FCA may take enforcement action against a person holding voting rights who has not complied with Chapter 5 of the Disclosure Guidance and Transparency Rules.
- 12.3. A notification must be made using the prescribed form TR1 available from the FCA's website at <http://www.fca.gov.uk>. Under the Disclosure Guidance and Transparency Rules, the Company must announce the notification to the public as soon as possible and in any event by not later than the end of the trading day following receipt of a notification in relation to voting rights.

## **13. Disclosures under the Market Abuse Regulation**

The table below sets out a summary of the information disclosed by the Company under the Market Abuse Regulation over the last 12 months.

<i>Date</i>	<i>Title of announcement</i>	<i>Disclosure</i>
23 January 2019	Reduction in management fee	The Company announced a reduction in the annual management fee.

## **14. Restrictions on transfer**

### **14.1. General**

The distribution of this document and offer of New Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions, including those in paragraph 14.2 of this Part 7. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

### **14.2. European Economic Area**

14.2.1. In relation to each of the EEA States (other than the UK) which has implemented the Prospectus Directive (each, a "relevant member state"), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the "relevant implementation date") no Shares have been offered or will be offered pursuant to an offer to the public in that relevant member state, except that with effect from



and including the relevant implementation date, offers of Shares may be made to the public in that relevant member state at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than €43 million; and (c) an annual net turnover of more than €50 million as shown in its annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a relevant member state.

14.2.2. For the purpose of the expression an “offer of any Shares to the public” in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the issue of any Shares, so as to enable a potential investor to decide to purchase or subscribe for the Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

## **15. General**

- 15.1. There are no governmental, legal or arbitration proceedings (and, in so far as the Company is aware, there are no governmental, legal or arbitration proceedings pending or threatened) which may have, or have had in the 12 months preceding the date of this document, significant effects on the Company’s financial position or profitability.
- 15.2. Dickson Minto W.S. has given and not withdrawn its written consent to the issue of this document with the inclusion therein of references to its name in the form and context in which they are included.
- 15.3. The AIFM has given and not withdrawn its written consent to the issue of this document with the inclusion therein of references to its name in the form and context in which it is included.
- 15.4. The Investment Manager has given and not withdrawn its consent to the issue of this document with the inclusion therein of references to its name in the form and context in which it is included.

## **16. Documents available for inspection**

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of PATAC, 21 Walker Street, Edinburgh EH3 7HX and the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW until 21 October 2020:

- (a) the Articles; and
- (b) this document.

## **17. Availability of this document**

This document is available for inspection at [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM) and on the Company’s website and, until 21 October 2020, copies are available for collection, free of charge, from the offices of PATAC, 21 Walker Street, Edinburgh EH3 7HX and the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW.

## DEFINITIONS

In this document, the words and expressions listed below have the meanings set out opposite them and the singular shall be taken to include the plural (except where the context otherwise requires):

<b>Admission</b>	in respect of any New Shares, the admission of such New Shares to the Official List and to trading on the Main Market
<b>Administration Agreement</b>	the administration agreement dated 1 October 2019 between the Company and the AIFM, further details of which are set out in paragraph 8.3 of Part 7 of this document
<b>AIC</b>	the Association of Investment Companies
<b>AIC Code</b>	the AIC's Code of Corporate Governance
<b>AIFM or PATAC or Administrator</b>	PATAC Limited, a company incorporated in Scotland with registered number SC366565
<b>AIFMD</b>	the Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament and of the Council
<b>Articles</b>	the articles of association of the Company, as amended from time to time
<b>Business Day</b>	a day (excluding Saturdays, Sundays and public holidays in England and Wales) on which banks are generally open for business in London for the transaction of normal business
<b>Calculation Date</b>	the time and date to be determined by the CIT Directors (but, expected to be 5.00 p.m. on 15 November 2019) at which the assets of the Company and CIT will be determined for the purposes of the calculation of the FAV per Ordinary Share and FAV per CIT Share for the purposes of the Scheme
<b>CIT</b>	Cameron Investors Trust plc, a company incorporated in Scotland with registered number SC032563
<b>CIT Board or CIT Directors</b>	the directors of CIT
<b>CIT First General Meeting</b>	the general meeting of CIT to be held on 8 November 2019 or any adjournment of that meeting
<b>CIT General Meetings</b>	the CIT First General Meeting and/or the CIT Second General Meeting as the context may require
<b>CIT Second General Meeting</b>	the general meeting of CIT to be held on 18 November 2019 or any adjournment of that meeting
<b>CIT Shares</b>	ordinary shares of £1.00 each in the capital of CIT
<b>CIT Shareholders</b>	holders of CIT Shares
<b>Companies Act</b>	the Companies Act 2006, as amended from time to time
<b>Company</b>	Troy Income & Growth Trust plc, a company incorporated in Scotland with registered number SC111955
<b>CREST</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance

	with the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended
<b>CTA 2010</b>	Corporation Tax Act 2010
<b>Depository</b>	J.P. Morgan Europe Limited, a company incorporated in England and Wales with registered number 00938937
<b>Directors or Board</b>	the directors of the Company
<b>Disclosure Guidance and Transparency Rules</b>	the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA, as amended from time to time
<b>Dissenting Shareholders</b>	a Shareholder who has validly dissented to the Scheme pursuant to section 111(2) of the Insolvency Act 1986
<b>EEA</b>	the European Economic Area
<b>EEA States</b>	the member states of the EEA
<b>Effective Date</b>	the date on which the Scheme becomes effective, which is expected to be 18 November 2019
<b>EU</b>	the European Union
<b>Existing Shareholders</b>	holders of the Ordinary Shares prior to the Effective Date of the Scheme
<b>FAV per Ordinary Share</b>	the formula asset value of an Ordinary Share calculated as at the Calculation Date in accordance with the Scheme
<b>FAV per CIT Share</b>	the formula asset value of a CIT Share calculated as at the Calculation Date in accordance with the Scheme
<b>FCA</b>	the Financial Conduct Authority
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended from time to time
<b>IFRS</b>	International Financial Reporting Standards, as adopted by the EU
<b>Investment Manager or Troy</b>	Troy Asset Management Limited, a company incorporated in England and Wales with registered number 03930846
<b>Investment Management Agreement</b>	the investment management agreement dated 22 July 2014, as amended from time to time, between the Company and the AIFM, further details of which are set out in paragraph 8.1 of Part 7 of this document
<b>Investment Management Delegation Agreement</b>	the investment management delegation agreement dated 22 July 2014, as amended from time to time, between the Company, the AIFM and the Investment Manager, further details of which are set out in paragraph 8.2 of Part 7 of this document
<b>Issues</b>	the Scheme Issue or an issue of New Shares under the Share Issuance Programme, as the context requires
<b>Issue Price</b>	the subscription price payable for any New Shares to be issued under the Share Issuance Programme, as determined by the Board at the time of the relevant Issue

<b>Listing Rules</b>	the listing rules made by the FCA under Part VI of FSMA, as amended from time to time
<b>Liquidation Fund</b>	the liquidation fund to be established and retained by the Liquidators in connection with the Scheme to meet all known and unknown liabilities of CIT and other contingencies
<b>Liquidators</b>	the liquidators of CIT to be appointed pursuant to the Scheme
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Main Market</b>	the London Stock Exchange's main market for listed securities, being a regulated market for the purposes of Directive 2004\39\EC
<b>Market Abuse Regulation</b>	the Market Abuse Regulation (Regulation (EU) 596/2014), all delegated regulations and implementing regulations made thereunder and any legislation made in the United Kingdom in connection with the entry into force of such Regulation
<b>Net Asset Value or NAV</b>	the value of the Company's assets, less any liabilities (including any costs or borrowings)
<b>Net Asset Value per Share or NAV per Share</b>	the prevailing net asset value per Ordinary Share as the context may require from time to time, calculated in accordance with the Company's normal accounting policies
<b>New Shares</b>	the new Ordinary Shares to be issued pursuant to the Issues
<b>Ordinary Shares or Shares</b>	the ordinary shares of 25 pence in the capital of the Company
<b>Official List</b>	the official list of the FCA
<b>PRA</b>	the UK Prudential Regulation Authority
<b>Prospectus Regulation Rules</b>	the prospectus regulation rules made by the FCA under Part VI of FSMA, as amended from time to time
<b>Record Date</b>	6.00 p.m. on 14 November 2019 (or such other dates as determined at the sole discretion of the CIT Directors), being the record date for determining the entitlements of CIT Shareholders under the Scheme
<b>Registrar</b>	Equiniti Limited, a company incorporated in England & Wales with registered number 06226088
<b>Regulatory Information Service</b>	a regulatory information service that is on the list of regulatory information services maintained by the FCA
<b>Resolutions</b>	the resolutions to be proposed at the CIT General Meetings or any of them as the context may require
<b>Restricted Jurisdiction</b>	any jurisdiction where local law or regulations may result in a risk of civil, regulatory or criminal exposure or prosecution if information or documentation concerning the Issues (including this document) is sent or made available to a person in that jurisdiction

<b>Rollover Fund</b>	the pool of cash, undertaking and other assets of CIT to be established under the Scheme to be transferred to the Company pursuant to the Transfer Agreement
<b>Scheme</b>	the proposed scheme of reconstruction and voluntary winding up of CIT as described in Part 3 of this document
<b>Scheme Issue</b>	the issue of New Shares in connection with the Scheme
<b>Shareholder(s)</b>	holder(s) of Ordinary Shares in the Company
<b>Share Issuance Programme</b>	the issues of New Shares as described in Part 4 of this document
<b>Sponsor</b>	Dickson Minto W.S., a Scottish partnership with place of business at 16 Charlotte Square, Edinburgh EH2 4DF
<b>Sterling</b>	the lawful currency of the United Kingdom
<b>Takeover Code</b>	the City Code on Takeovers and Mergers
<b>Transfer Agreement</b>	the agreement to be entered into on or around the Effective Date among the Liquidators (in their personal capacity and on behalf of CIT), the Investment Manager and the Company in connection with the Scheme
<b>UK Code</b>	UK Corporate Governance Code issued by the Financial Reporting Council as amended from time to time
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>US Investment Company Act</b>	the United States Investment Company Act of 1940, as amended
<b>US Securities Act</b>	the United States Securities Act of 1933, as amended