

Troy Income & Growth Trust plc

Annual Report and Financial Statements
for the year ended 30 September 2020



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Financial Calendar

22 January 2021	First interim dividend 2020/21 payable
28 January 2021	Annual General Meeting
23 April 2021	Second interim dividend 2020/21 payable
May 2021	Interim results announced
May 2021	Interim Report published
23 July 2021	Third interim dividend 2020/21 payable
22 October 2021	Fourth interim dividend 2020/21 payable

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

Financial Highlights

	2020
Net asset value total return [^]	-9.1%
Share price total return [^]	-11.6%
FTSE All-Share Index total return	-16.6%
Increase in dividends per share	+1.1%
Dividend yield ^{*^}	3.9%

* Dividends per share as a percentage of share price at 30 September.

[^] Alternative Performance Measure – full details can be found on page 57.

	30 September 2020	30 September 2019	Change
Total investments	£242,316,000	£241,001,000	+0.5%
Shareholders' funds	£251,686,000	£245,461,000	+2.5%
Market capitalisation	£249,590,000	£248,119,000	+0.6%
Net asset value per share	72.60p	83.50p	-13.1%
Share price (mid market)	72.00p	84.40p	-14.7%
(Discount)/premium to NAV [^]	(0.8)%	1.1%	
Total gearing	0.0%	0.0%	
Ongoing charges [^]	0.89%	0.91%	
Dividends and earnings			
Revenue return per share ¹	2.11p	2.70p	-21.9%
Dividends per share ²	2.78p	2.75p	+1.1%
Revenue reserves ³	£6,205,000	£5,828,000	

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

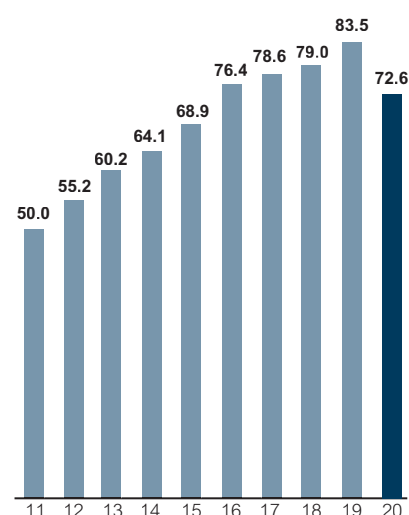
² The figures for dividends per share reflect the years in which they were earned (see note 7 on page 46).

³ The revenue reserve figure does not take account of the fourth interim dividend amounting to £2,409,000 (2019 – fourth interim £2,065,000). The third interim dividend of £2,411,000 was paid from distributable capital reserves, all other dividends were paid from revenue (2019 – all dividends were paid from revenue).

[^] Alternative Performance Measure – full details can be found on page 57.

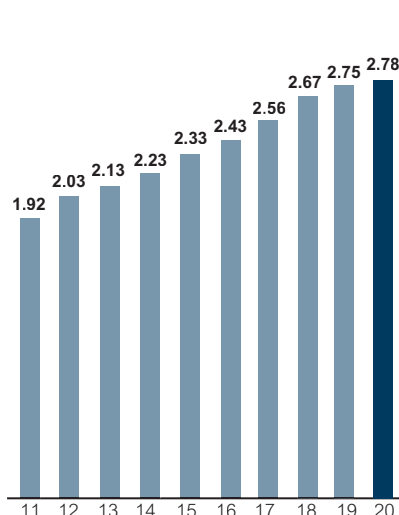
Net Asset Value per Ordinary share

At 30 September – pence



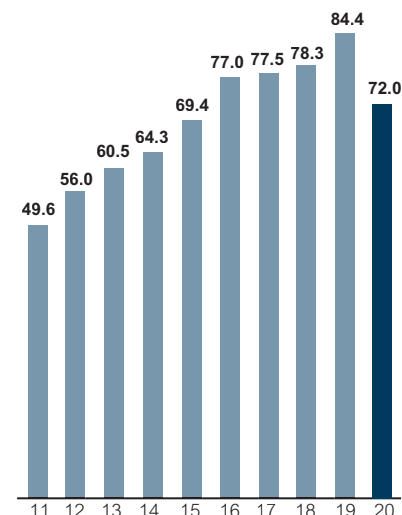
Dividends per Ordinary share

pence



Share price per Ordinary share

At 30 September – pence



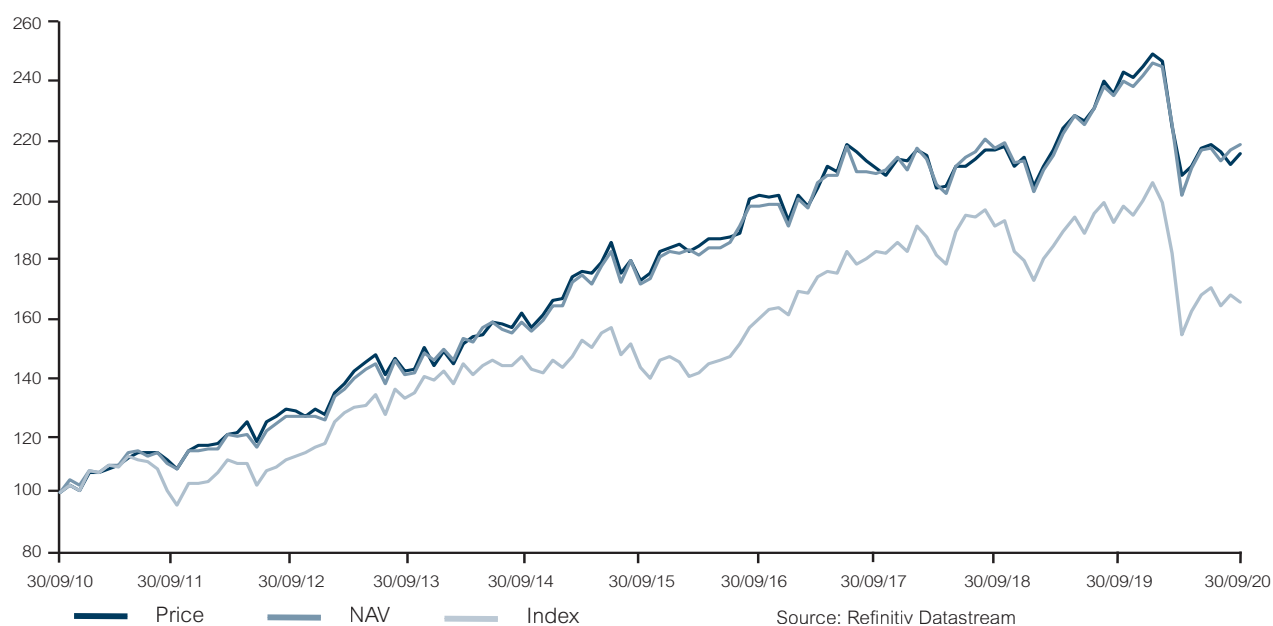
Performance

Total Return (for the periods to 30 September 2020)

	One Year	Three Years	Five Years	Ten Years
Share price	-11.6%	+3.3%	+23.2%	+114.0%
Net asset value per share	-9.1%	+4.0%	+26.4%	+117.1%
FTSE All-Share Index	-16.6%	-9.3%	+18.6%	+63.9%

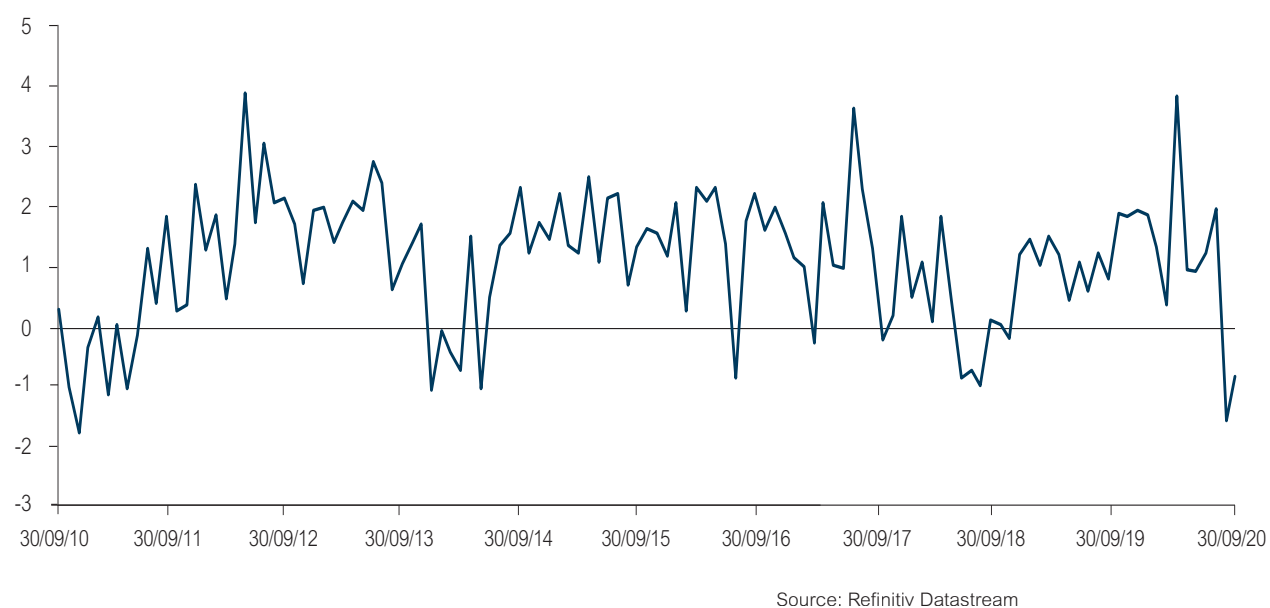
Total Return of NAV and Share Price vs FTSE All-Share Index

Ten years to 30 September 2020 (rebased to 100 at 30/09/10)



Share Price Premium/(Discount) to NAV

Ten years to 30 September 2020



Corporate Summary

Investment Objective

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

Dividends

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

Discount Control Mechanism

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

Capital Structure

The Company's issued share capital as at 30 September 2020 consisted of 346,652,987 Ordinary shares of 25p each, with 859,000 Ordinary shares held in treasury, and at 23 November 2020 there were 347,252,987 Ordinary shares in issue and 259,000 Ordinary shares were held in treasury.

Continuation Vote

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

Board of Directors

David Warnock (Chairman)
Jann Brown
David Garman
Roger White

Manager: Troy Asset Management Limited

Troy Asset Management Limited was appointed as Manager on 1 August 2009 and is an independent fund management company aiming to generate absolute returns for investors over the long term. It manages or advises approximately £12.6 billion of assets including eight open-ended investment funds: the Trojan Fund, the Trojan Ethical Fund, the Trojan Income Fund, the Trojan Ethical Income Fund, the Trojan Global Equity Fund, the Trojan Global Income Fund, the Spectrum Fund and the Electric & General Investment Fund; and three investment trusts: Troy Income & Growth Trust plc, Personal Assets Trust plc and Securities Trust of Scotland plc. Their investors include private individuals, charities, pension funds, trusts and endowments.

AIFM and Administrator: PATAC Limited

PATAC Limited specialises in providing company secretarial and administration services to listed investment companies. It currently provides services to eight listed investment companies and also acts as Alternative Investment Fund Manager ('AIFM') to four listed investment companies, Troy Income & Growth Trust plc, Personal Assets Trust plc, Seneca Global Income & Growth Trust plc and Securities Trust of Scotland plc.

Chairman's Statement

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

Performance

The performance for the year to 30 September 2020 shows a Net Asset Value ('NAV') per share total return of -9.1% and a share price total return of -11.6%. The wider than usual gap between these returns is explained by the fact that at the start of the period the Company's share price was standing at a premium to NAV of +1.1% while a year later the share price had moved to a -0.8% discount. The FTSE All-Share Index total return of -16.6% for the period reflects the very difficult environment for UK equities, which have suffered from both protracted uncertainty surrounding the Brexit negotiations and the impact of the COVID-19 crisis since February of this year.

The Board remains predominantly interested in longer-term performance. Over the three-year period to 30 September 2020 the NAV per share total return of +4.0% compares favourably with the -9.3% total return of the FTSE All-Share Index and over five years the NAV per share total return of +26.4% has outstripped the +18.6% total return for the FTSE All-Share Index.

A fourth quarterly dividend payment of 0.695p was announced at the end of the period, as forecast in the Interim Report. The full dividend for the year totalled 2.78p and represented a 1.1% increase over the previous year.

Economic and Stock Market Background

The level of economic uncertainty engendered by the global pandemic is on a scale unmatched in peacetime. The sheer cost in human and economic terms is staggering, and governments around the world have struggled to keep pace with the impact on healthcare systems and businesses. Financial support on a vast scale has been extended in an attempt to contain the inevitable rise of unemployment and widespread business failure caused by economic lockdown. Extremely low interest rates have enabled these spiralling costs to be funded by borrowing but the longer-term impact of rising debt/GDP ratios for many countries has yet to be felt.

Inevitably some sectors, such as retail, hospitality and travel related sectors have been disproportionately hit by the crisis whereas others like healthcare, technology and consumer goods have seen less direct impact on demand for their goods and services. However, beyond these immediate effects, the crisis has also served to accelerate a number of structural changes within the global economy. There is no doubt that this will pose significant challenges to investors, as many companies will struggle to survive. The Company's Managers have taken advantage of recent outperformance and market dislocation to adjust the portfolio in response to this period of accelerated creative destruction. They have sought to exit a number of holdings trading on high yields but where dividend growth has stagnated and reinvest where better growth prospects can underpin the prospect of progressive dividends and a more balanced split between income and capital return. Further explanation of these portfolio changes is laid out in the Managers' Review.

Discount Control Mechanism, Costs, and Corporate Development

The Discount Control Mechanism ('DCM'), which has been in place since January 2010, continues to operate successfully by ensuring that investors can continue to purchase and sell the Company's shares at a time of their choosing and at a price very close to net asset value. During the year, the Company issued 53.6m shares and bought-in 0.9m shares, for a net total issuance of 52.7m shares, representing a growth in the number of shares in issue of 17.9%. Approximately 26% of the net shares issued arose from the merger of Cameron Investors in November 2019. The DCM continues to enhance NAV per share by consistently issuing shares at a small premium and buying-in shares at a small discount. This is a key differentiating feature of the Company and the Board continues to believe that it enables the Company to grow by issuing new shares and protects investors from the negative effects of excessive discount volatility.

During the year, the net assets of the Company increased by 2.5%, from £245.5m to £251.7m. The Ongoing Charges Figure ('OCF') of 0.89% has come down from 0.91% over the past year and continues a long downward trend in the Company's OCF.

The Board hopes that the performance track record of the Company and minimal discount volatility provided by the DCM will continue to interest other investment trust boards looking to merge or offer rollover options for whatever reason.

Gearing

The Company has a £20m revolving credit facility with ING. The Managers continue to see the opportunity to gear on a tactical basis as an important tool to be deployed should compelling equity valuations become available.

Dividends

The fourth interim dividend of 0.695p was the same as the equivalent dividend paid last year. As announced in the Interim Report, the Board decided to utilise distributable reserves in order to maintain the dividends in the financial year to September 2020 and the third interim dividend was paid from the Company's distributable capital reserve. This has enabled the Company to bridge the revenue deficit caused by the cancellation or deferral of dividends by many UK companies due to the impact of the COVID-19 crisis. The full year dividend totalled 2.78p and represented a 1.1% increase over the previous year.

As previously flagged, the Board intends to set a new and reduced dividend rate for the year to September 2021. In the absence of unforeseen circumstances, a quarterly rate of 0.49p is planned, which implies 1.96p for the year to 30 September 2021. This reduction when compared to the year to September 2020 recognises both the structural impact of the pandemic on the UK equity dividend landscape and the portfolio changes made by the Managers - changes aimed at ensuring the continued balance of income and capital return from the underlying portfolio. The Board believes that in order to maximise the total returns to the Company's investors the income component of that return needs to be both sustainable and able to grow, albeit from a lower level. The Board's overall attitude to dividend cover will remain as it has in the past, that being to seek to ensure that the Company's earnings exceed dividends distributed. There may be short periods when that is not the case due to peculiar circumstances such as significant share issuances or market dislocations, and the strength of the Company's distributable reserves will remain available to cover such circumstances.

The Management Team

Shortly after the period end, the Board was delighted to be able to announce that Blake Hutchins has formally joined Hugo Ure and Francis Brooke as a third co-manager of the Company. Blake is a Senior Fund Manager within Troy's UK Equity Income Team and has been co-manager of the Trojan Income Fund with Francis and Hugo since October 2019.

Annual General Meeting ('AGM')

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

At the Company's AGM in January 2020 a significant number of votes were cast against the second resolution for the further 10% authority, though the resolution was still carried. The Board has sought the views of the Shareholders who voted against and understands that this was due to the aggregate authority sought being higher than that recommended by corporate governance guidelines. While the Board appreciates some Shareholders' reticence about non pre-emption authorities, it strongly believes that in the circumstances of the NAV enhancing impact of the DCM's operations, the overall 20% authority sought is in the best interests of Shareholders, and so is continuing to seek such authority at the upcoming AGM.

Outlook

Rarely has there been so much macroeconomic uncertainty as there is today. The enormous cost of supporting the economy through the pandemic will be felt for generations with the UK national debt now over £2trn and representing over 100% of GDP for the first time in sixty years. Funding debt on this scale is clearly only possible at the current ultra-low level of interest rates and makes the UK and many other countries vulnerable to a turn in the interest rate cycle. Although unlikely in the immediate future, there is an increasing probability of inflationary consequences further down the line. This would mark a significant change in the investment environment.

Against this backdrop, the Managers continue to ensure that the portfolio is geographically diversified by virtue of the underlying investments' countries of operation and can withstand macroeconomic turbulence. The portfolio's defensive positioning has benefited Shareholders thus far. At the same time, the Managers' medium-term objective is to hold individual companies whose business models are robust enough to generate long-term cash flow growth that will drive total returns from both capital appreciation and income growth. The Board believes that despite the current headwinds for UK equities, the investment process and strategy being pursued by the Managers should deliver consistent and competitive returns in the future.

David Warnock

Chairman

23 November 2020

Managers' Review

COVID-19

The emergence of the COVID-19 virus in January and the ensuing global pandemic have undoubtedly affected lives and livelihoods in ways not seen for a generation. The almost total lockdown of the global economy has simultaneously created the largest dislocation in financial markets since the global financial crisis and elicited extraordinary levels of fiscal and monetary stimulus. Paradoxically, it has both unified people behind a single sense of purpose and at the same time physically distancing individuals from each other. This has been reflected in how Troy has responded to the virus. Whilst being confined to our homes for much of the latter part of the reporting period, the team has come together almost seamlessly to ensure that the business has continued to deliver on behalf of its investors. Adjustments to our IT systems, dealing processes and internal communications were all made quickly and effectively. We also remain acutely aware of the increased importance of ongoing communication with our investors through this challenging period. While we ran our Investment Trust seminar remotely and have continued to make every effort to convey our thinking to investors, we are also aware that there is a great deal to communicate. We hope this slightly extended Managers' Review achieves that aim.

Investment Background

Looking at the impact of COVID-19 through the lens of financial markets, it is clear that many of the most significant effects of the pandemic have been the result of a rapid acceleration of pre-established trends. At a macroeconomic level, renewed monetary stimulus in the form of lower bank rates ensured that government bond yields continued their decades long progression to new lows. The UK 10-year gilt yield fell to within a whisker of becoming negative, while in many other geographies negative yields only became more entrenched. Tentative pre-pandemic calls for governments to embrace greater fiscal stimulus rapidly became reality as governments attempted to stave off the economic damage associated with lockdown responses. At the time of writing, the US House of Representatives is debating the relative merits of a \$1.8trn presidential bailout proposal and the \$2.2trn democrat support package. Both would have been unimaginable even a year ago.

The disproportionate effects of monetary stimulus on asset prices has become increasingly well understood over the last decade. It is striking that, despite rising unemployment and the worst shock to global GDP since WWII, US equity indices were posting new highs in the weeks leading up to the Company's September year-end. However, below the index-level performance numbers, individual equities have varied greatly in their performances this year, with the pandemic catalysing pre-existing market dynamics and consumer behaviours. Companies aligned with the accelerating digitisation of the global economy, including remote working, e-commerce, digital payments and the monetisation of big data, have thrived. Conversely, those companies that have struggled to adapt their business models to this new economy have faltered. This is perhaps most apparent amongst 'bricks and mortar' focused retailers where corporate failures continue apace. This polarisation is not new but has become increasingly stark during 2020. For many companies in this latter group, the additional pressure created by the pandemic forced a dramatic reappraisal of dividend policies, as exemplified by the dividend cuts from the oil majors.


Although the integrated oil and gas companies represent a very significant portion of UK market income, dividend omissions and cuts were much more widespread. As lockdowns were implemented and revenues plummeted across the economy, just under half of all FTSE 100 companies either chose, or were mandated, to retain cash within the business rather than distribute it as dividends. Sectors such as consumer services, banks and insurers saw almost universal dividend cuts.

Whilst the pandemic was undoubtedly the most significant driver of change during the period, uncertainty around the UK future relationship with Europe, the US presidential election and trade tensions with China continued to contribute to uncertainty.

Performance and Investment Strategy

Against this backdrop, the Company delivered a Net Asset Value (NAV) total return of -9.1% and a share price total return of -11.6% over the year. This compares with the FTSE All-Share return of -16.6%. The difference between the share price and NAV performances generated by the Company represents a move from a +1.1% premium to a -0.8% discount. This performance places the Company 5th out of its 20-strong AIC UK equity income peer group when ranked by NAV performance and 7th by share price.

Performance in the first half of the year was dominated by the sharp equity market decline of February and March that followed the global spread of COVID-19 and the ensuing lockdown. During this period, the more defensive characteristics of the portfolio and the absence of gearing meant it fell less than the broad market. Investments in



sectors such as utilities, infrastructure and the portfolio's primary healthcare REITs held up well, as did companies that offered products or services that experienced elevated demand during the period. Included in this latter category were Reckitt Benckiser, the manufacturer of Dettol brand, IG Group, whose online spread betting platform saw customer numbers rise, AstraZeneca, which is developing one of the most promising looking COVID-19 vaccines and Domino's, who were able to respond quickly to changing dining habits.

This latter group of stocks saw strong performance persist into the second half of the reporting period. As the markets rebounded from the late March lows, companies that were able to prove themselves more resilient than anticipated by the market saw their shares rise sharply. Some of the biggest contributions to returns came from stocks such as Experian, Next, Paychex and LondonMetric.

Conversely, the biggest detractors to the portfolio's performance experienced persistent weakness both during the market fall and the subsequent recovery. Stocks whose business models were fundamentally challenged by the pandemic and its secondary impacts fell hard during the market weakness and then struggled to recover as uncertainty spilled into the second half of the reporting period. The portfolio's holdings in oil majors and banks were amongst those hardest hit, as were consumer service stocks such as Compass Group and WH Smith. In addition, both Hiscox, the non-life insurer, and Equiniti, the share registration business, suffered material stock-specific weakness related to the virus.

Portfolio Changes

The strong performance of the Company and the volatility seen during the reporting period combined to provide a once-in-a-decade opportunity to position the portfolio for the coming years. In trying to fulfil this aim, we have sought to exit stocks where growth has stagnated and therefore dividends have become unsustainable. We have reinvested that capital where we believe free cash flow growth can underpin long-term income and capital returns to investors. Although portfolio turnover has been higher than usual during the period (at 20%), these changes represent a sharpened focus on quality and sustainability of returns rather than a change in strategy. The portfolio's transactions can broadly be grouped into a few different categories.

Focussing on capital-light financials

The first group highlights a desire to move towards more capital-light financials that are less subject to government and regulatory intervention. Wells Fargo and Lloyds Bank were sold from the portfolio in April as it became increasingly apparent that ultra-low interest rates and state intervention were likely to prevent either bank from generating returns commensurate with the risk investors face. Similarly, the capital intensity of Land Securities and the illiquidity of its underlying portfolio became increasingly unattractive as the trends towards home working and e-commerce put downwards pressure on returns. The capital was redeployed in investment platform businesses, including new holdings in Hargreaves Lansdown and IntegraFin, and additions to the existing holding in AJ Bell. Each of these companies has their own unique characteristics, but are all united in their asset-light business models, exposure to structural growth in savings and digitisation, and strong market positions.

From oil majors to high-quality industrial/chemical stocks

Although in recent years the integrated oil companies have demonstrated some success in driving increased cash flow, the combination of weaker oil demand and mounting pressure to decarbonise saw both BP and Royal Dutch Shell's share prices decline sharply in March and continue to sell off over the summer. Holdings in the oil majors were reduced from January onwards, with the positions completely exited by the Company's year-end. Simultaneously, shares in several high-quality industrial/chemical stocks were added to the portfolio. In March, we initiated a new holding in Intertek as part of this transition. The company holds a strong market position as one of three diversified, global, publically listed testing, inspection, and certification companies that dominate this otherwise fragmented industry. Intertek boasts attractive economics underpinned by well-established trends in outsourcing, regulation, globalisation and more latterly social and environmental assurance. It has a long history of value creation in the form of growing free cash flow, and we believe its role in the global economy has only been enhanced by events this year. In April, we also purchased Croda International, a speciality chemicals business producing ingredients derived from natural oils. Their formulations are used in everything from sunscreen and deodorant through to vaccines and natural crop protections, with their role often being critical to the product's function. Croda's emphasis on vital products and proprietary know-how lead to a financial profile that is far superior to commodity chemicals businesses. This has enabled the company to have long paid a sensible, growing dividend, while still leaving ample cash to reinvest in the business for future growth.

Managers' Review (continued)

Enhancing the quality and growth profile of overseas equity exposure

During the year we also sought to enhance the return profile from the portfolio's exposure to overseas equities (of which the Company can have a maximum of 20%). A number of new international holdings were initiated in the period, the first being Paychex, a US company specialising in software and services in the areas of payroll, HR and employee benefits. Paychex continues to ride the structural wave towards outsourcing in the US, and provides the portfolio with exposure to a capital-light, high return, technology business. Whilst the holding was initiated in February, the position was added to at various points over the period at what were deemed attractive prices. The second new overseas holding was Medtronic. The medical device/technology sector is an attractive one that benefits from growing end markets and strong barriers to entry in the form of high switching costs, stringent regulation, patents and R&D expertise. Medtronic are a dominant player in the sector and boast a progressive dividend record that stands at 49 years and counting. Finally, in August a holding in Visa was initiated. Visa offers the portfolio exposure to the attractive, fast-growing global payments industry and earns a fee on every transaction anywhere in the world that bears their logo. The ongoing structural shift from cash to card, from physical to online and from 'chip and pin' to contactless are all serving to expand Visa's addressable market. The current COVID-19 disruption is having the short-term effect of hurting Visa's cross-border volumes, but, more significantly, it is accelerating the displacement of cash. We expect Visa to be one of the faster growing companies within the portfolio over the medium term. This purchase was funded by the sale of Coca-Cola. Although this global carbonated soft drinks business has been a long-standing and successful holding in the portfolio, growth is waning and we have concerns about the sustainability of the dividend, which is currently barely covered by free cash flow.


In addition to the three broad themes outlined above, a handful of further transactions were made with the broad aim of replacing stocks facing fading growth prospects with more attractive opportunities that can underpin the growth of both capital and income over the coming years. Vodafone, Rathbones and Sage were sold whilst Diageo and Fever-Tree were purchased. After huge success selling premium tonic water in the UK and other select geographies, Fever-Tree is expanding into new territories, such as the important US market, and into new mixer categories. We believe the company is far from a single product company, and has a uniquely advantaged position to continue benefitting from the rise of 'premiumisation' in the world of spirits, something Diageo has likewise found highly advantageous. We were happy to start a holding in Fever-Tree following share price volatility this year, leading to a valuation that we deemed attractive given the double-digit per annum free cash flow growth we think is possible from here. Finally, holdings in InterContinental Hotels and Halma were also transferred into the portfolio following the merger with Cameron Investors in November. Both are currently modest in size but are likely to become more substantial.

Income

The impact of the pandemic and the associated changes to the portfolio have meant the revenue return for the year was down 22%, to 2.11p per share. Pressure on the portfolio's income in 2020 has come from two areas. Firstly, from those companies that have had to take action on their dividend in order to preserve cash in the exceptionally difficult trading environment that resulted from lockdown. Forty-seven companies out of the FTSE 100 have felt it necessary to cut or suspend their dividend since the start of the pandemic and total dividend income from the FTSE All-Share was down 37% compared the preceding 12 month period. Much of this impact was concentrated on the second half of the year, which saw dividend income down 53%. Although the portfolio suffered fewer cuts than the wider market, it was not immune and slightly less than a third of the current portfolio holdings, including stocks such as Compass Group, Hiscox and Next, experienced some level of dividend reduction. We have continued to hold companies where we think these cuts will ultimately prove temporary but have exited stocks where we believe the ability to generate income has been more permanently impaired.

Pressure on the income account has also arisen as a consequence of trading activity. We have sold out of a half a dozen higher yielding companies that in our view have a limited ability to grow and are at risk of becoming less valuable longer term. We have instead been taking advantage of shorter-term volatility to allocate capital to companies with superior quality and growth characteristics that trade on tighter yields.

It is increasingly clear that the COVID-19 pandemic has had a permanent impact on the UK equity market's aggregate dividend. Although many stocks will see their dividends rebound over the coming months, a significant portion of high yield stocks will not. As Managers of this Company, we have taken the opportunity provided by the market dislocation and the portfolio's relative outperformance to shift proactively the balance between income and capital return to reflect this change in investment opportunity. It is this desire to generate a growing and sustainable



stream of equity income from the portfolio that underpins the rationale behind the re-assessment of the Company's own dividend.

Discount Control Mechanism

The Discount Control Mechanism continues to ensure the Company's shares trade at only a small premium or discount relative to Net Asset Value. The overall enhancement to the Company's NAV by repurchasing shares at a discount and issuing at a premium equates to over 2.5% of the NAV at the time Troy became Manager of the Company in 2009. In the final quarter of the reporting year, the Company's shares moved to a modest discount and a modest number of share buy-ins meant that at the year-end 859,000 shares were held in treasury. However, over the full year the number of shares in issue has seen a net increase of 17.9%, this represents a 185% increase since the Discount Control Mechanism was implemented in January 2010. The issuance of new shares and the associated increase in the size of the Company has not only boosted liquidity beyond that experienced by many trusts of a similar size but has reduced ongoing charges from over 1.5% of NAV in 2009 to 0.89% at the end of September.

Investment Outlook

Short-term challenges undoubtedly remain. However, we think it is reasonable to assume that the companies held in the portfolio are now incrementally better prepared to navigate through further disruption, whether that be from Brexit, COVID-19 or uneven economic growth. Longer term, issues such as technological disruption, changing consumer habits and climate change are important fundamental trends that companies need to confront. This year to date has served to emphasise the necessity for businesses to invest in order to tackle such shifts. Ensuring that the portfolio is aligned with companies that can survive and grow through these changes, and beyond, will be important in delivering total return.

Importantly, the final quarter of the reporting period saw a select few UK companies resume dividend payments, reflecting the marginally more stable trading backdrop for many businesses. Although we are encouraged by this development, there remains significant uncertainty as to the length of disruption from COVID-19 and the lasting impact of the crisis. Understandably, most companies are maintaining a cautious approach to dividend setting. Despite this, we continue to believe that the overall level of market dividends will be structurally lower going forward. However, we believe that a better balance between paying out dividends and retaining cash for reinvestment or de-gearing will be in the longer-term interests of UK shareholders.

Comfort should also be taken from the fact that the portfolio continues to recover from Q1 lows. As the Company's Managers, we continue to plan for a gradual recovery with inevitable bouts of market volatility. Meanwhile, we remain committed to investing in businesses that can grow equity value in a predictable way, by compounding resilient, growing free cash flow over time. It is this compounding cash flow that will fuel dividend growth and long-term total return for investors.

Troy Asset Management Limited

23 November 2020

Investment Portfolio

As at 30 September 2020

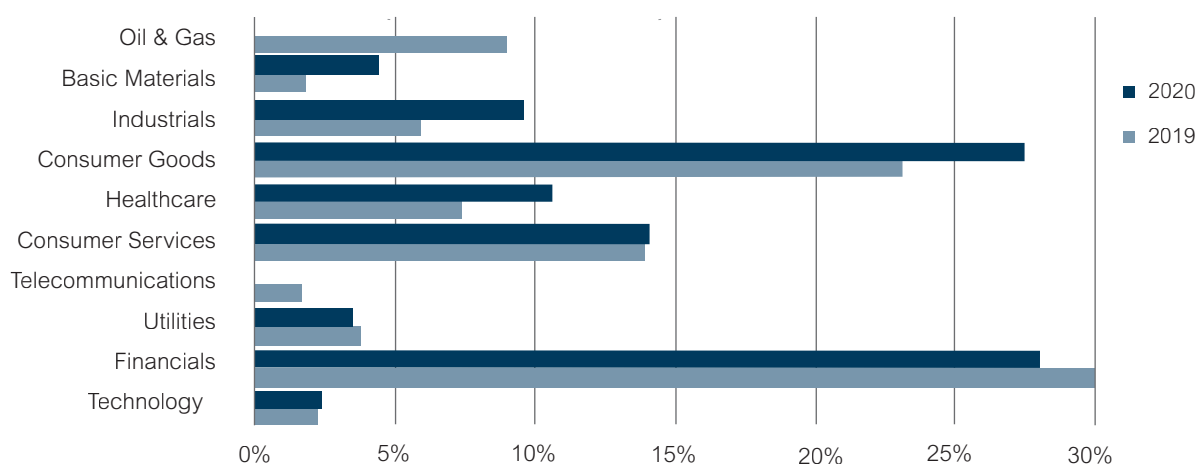
	Valuation £'000	Total portfolio %
Unilever	14,710	6.07
Reckitt Benckiser Group	13,863	5.72
Experian	11,925	4.92
RELX	11,410	4.71
Astrazeneca	10,781	4.45
GlaxoSmithKline	9,801	4.04
Nestle	9,673	3.99
Diageo	7,950	3.28
Procter & Gamble	7,379	3.05
Paychex	7,278	3.00
Ten largest investments	104,770	43.23
British American Tobacco	7,217	2.98
Intertek Group	6,619	2.73
Croda International	6,606	2.73
Compass Group	6,427	2.65
Domino's Pizza Group	6,231	2.57
National Grid	6,226	2.57
Londonmetric Property	6,210	2.56
Next	5,653	2.33
Lancashire Holdings	5,255	2.17
Schroders	5,172	2.13
Twenty largest investments	166,386	68.65
Hiscox	5,137	2.12
IG Group	5,112	2.11
Medtronic	5,062	2.09
Primary Health Properties	4,321	1.78
Victrex	4,211	1.74
Assura	3,670	1.51
AJ Bell	3,624	1.50
Visa	3,538	1.46
Fevertree Drinks	3,516	1.45
Equiniti Group	3,420	1.41
Thirty largest investments	207,997	85.82
WH Smith	3,236	1.34
Moneysupermarket.com	3,005	1.24
Sabre Insurance	2,904	1.20
3i Infrastructure	2,837	1.17
Integrafin Holdings	2,802	1.16
American Express	2,788	1.15
Hargreaves Lansdown	2,655	1.10
St. James's Place	2,560	1.06
Secure Income REIT	2,521	1.04
SSE	2,232	0.92
Forty largest investments	235,537	97.20
International Public Partners	2,217	0.92
Imperial Brands	2,177	0.90
Halma	1,242	0.51
Intercontinental Hotels Group	1,125	0.46
Associated British Foods	18	0.01
Total investments at fair value	242,316	100.00

Distribution of Assets and Liabilities

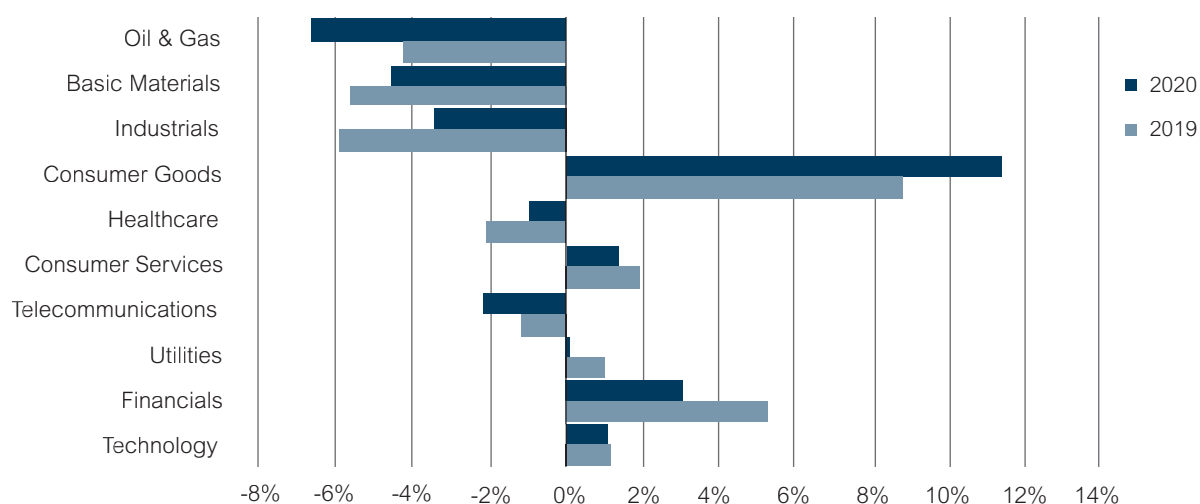
As at 30 September 2020

	Valuation at 30 September 2019		Purchases	Appreciation/ Sales (depreciation)		Valuation at 30 September 2020	
	£'000	%	£'000	£'000	£'000	£'000	%
Listed investments							
Ordinary shares	241,001	98.2	87,855	(54,330)	(32,210)	242,316	96.3
Current assets	4,994	2.0				9,891	3.9
Current liabilities	(534)	(0.2)				(521)	(0.2)
Net assets	245,461	100.0				251,686	100.0
Net asset value per share	83.50p					72.60p	

Analysis of Listed Equity Portfolio



Weightings Relative to the FTSE All-Share Index



Your Board, Managers and Administrators



Back row (left to right):

Carron Dobson (PATAC Limited),
Hugo Ure, Francis Brooke (both Troy Asset Management Limited), Rona Grant (PATAC Limited)
(*absent*: Blake Hutchins of Troy Asset Management Limited)

Front row (left to right):

Directors – Roger White, Jann Brown, David Warnock, David Garman

Your Board

David Warnock (Chairman)

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

David was appointed a Non-Executive Director on 17 November 2010 and became Chairman on 23 January 2014. He co-founded the investment firm of Aberforth Partners and was a partner for 19 years until his retirement in 2008. David is currently a Non-Executive Director of BMO Managed Portfolio Trust plc and, with effect from 1 December 2020, ICG Enterprise Trust plc and is an active investor in a number of private companies. He has held Non-Executive Directorships of several public and private companies, and before Aberforth was with Ivory & Sime plc and 3i Group plc.

Fees for year £35,250; beneficial interest 670,272 shares.

Jann Brown

M.A. (Hons), C.A.

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

Fees for year £28,200; beneficial interest 87,563 shares.

David Garman

B.A. (Hons). F.C.I.T.

David was appointed a Non-Executive Director on 19 January 2016. He is currently a Non-Executive Director of John Menzies plc and Speedy Hire plc and several private companies. He was formerly Chief Executive of TDG plc and has also held Non-Executive Directorships of Phoenix IT Group plc, Victoria plc, St Modwen Properties plc, Kewill plc and Carillion plc.

Fees for year £24,175; beneficial interest 100,000 shares.

Roger White

M.A. (Hons)

Roger was appointed a Non-Executive Director on 29 April 2014 and is Senior Independent Director. He has been Chief Executive of AG Barr plc since 2004, having joined that company as Managing Director in 2002. Roger previously held a number of senior positions with Rank Hovis McDougall, is a past President of the British Soft Drinks Association (BSDA) and is currently a member of BSDA's Board of Management and Executive Council.

Fees for year £24,175; beneficial interest 300,000 shares.

Strategic Report

Introduction

This report provides information about the Company's business and how the Directors promote the success of the Company. This report should be read in conjunction with the Financial Highlights on page 1, the Chairman's Statement on pages 4 to 5 and the Managers' Review on pages 6 to 9, which give a detailed review of investment activities for the year and the outlook for the future.

Strategy and Investment Objective

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

Business Model

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

The Company is managed by a Board of Non-Executive Directors who are responsible for the overall stewardship of the Company, including investment objectives and strategy, investment policy, gearing, dividends, corporate governance procedures and risk management. Biographies of the Directors can be found on page 13.

The management of the investment portfolio has been contractually delegated to the Manager, Troy Asset Management Limited ('Troy' or the 'Manager'), who follow the investment objective and policy in implementing that mandate. Further details of the Company's management arrangements are provided in the Directors' Report on page 20.

Investment Policy

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

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

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

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

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

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

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

Investment Strategy

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

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

- It is intended that the Company will generally remain fully invested but the Company will retain the ability to hold cash or cash equivalents from time to time. Troy's commitment to capital preservation means that the level of cash held in portfolios which it manages has always been an active investment decision.
- Various guidelines to limit the portfolio exposure have been set by the Board in conjunction with the Manager. These (which may be varied only with the permission of the Board) include:
 - Overseas investments not to exceed 20% of gross assets;
 - UK equity portfolio to comprise between 30 and 50 individual holdings;
 - No more than 6% of gross assets in any one FTSE 100 stock;
 - No more than 4% of gross assets in any one FTSE Mid 250 stock;
 - No more than 2% of gross assets in any one FTSE Small Cap or AIM stock; and
 - No more than 30% of gross assets in any one FTSE Industry Sector.
- The Company's discount policy is to ensure that the Ordinary shares trade at close to net asset value through a combination of share buy-backs and the issue of new Ordinary shares at a premium to net asset value where demand exceeds supply. Further details of the operation of this policy are contained in the Directors' Report on page 22.

Monitoring Performance – Key Performance Indicators

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

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

Key performance indicators are shown in the financial highlights on page 1, with historic performance data on page 2. These are discussed in the Chairman's Statement on pages 4 and 5 and the Managers' Review on pages 6 to 9.

Performance and Future Development

A review of the business performance, market background, investment activity and portfolio during the year under review, together with the investment outlook, is provided in the Chairman's Statement and the Managers' Review on pages 4 to 9.

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

Promoting the Success of the Company

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

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

Strategic Report (continued)

and reputation of the Company and the likely impact on the Company's stakeholders of the Company's principal strategies.


The Company's main stakeholders are its Shareholders, Manager, Service Providers and Debt Provider. The Manager also engages with the investee companies where appropriate, particularly on performance and corporate governance issues.

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

- **Shareholders** – Shareholders are key stakeholders and the Board places great importance on communication with them. The Board welcomes all Shareholders' views and aims to act fairly between all Shareholders. The Manager and the Company's broker regularly meet with current and prospective Shareholders to discuss the Company and its performance. Shareholder feedback is discussed by the Directors at Board meetings and regular updates are provided to Shareholders through the Annual Report, Interim Report, monthly factsheets, company announcements, including daily net asset value announcements, and the Company's website. The Company's Annual General Meeting and the Manager's annual investment trust seminar provide forums, both formal and informal, for Shareholders to meet and discuss issues with the Directors and Manager.
- **Manager** – The Managers' Review on pages 6 to 9 details the key investment decisions taken during the year. The Manager has continued to manage the Company's assets in accordance with the mandate provided by Shareholders, with the oversight of the Board. The Board reviews regularly the Company's performance against its investment objective and undertakes an annual strategy review to ensure that the Company is positioned well for the future delivery of its objective. The Board receives presentations from the Manager at every Board meeting to help it exercise effective oversight of the Manager and the Company's strategy and, through the Management Engagement Committee, formally reviews the performance of the Manager at least annually.
- **Service Providers** – The Board seeks to maintain constructive relationships with the Company's suppliers, either directly or through the Manager, with regular communications and meetings. A key relationship is with PATAC Limited ('PATAC'), who provide AIFM, company secretarial and fund administration services, as well as operating the Discount Control Mechanism. The Board conducts an annual review of the performance, terms and conditions of the Company's main service providers to ensure they are performing in line with Board expectations and providing value for money.
- **Debt Provider** – On behalf of the Board, the Manager and the AIFM maintain a positive working relationship with ING, the provider of the Company's revolving loan facility, and provide regular updates on business activity and compliance with its loan covenants.

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

- **COVID-19** – Since the COVID-19 crisis emerged in early 2020, there has been increased interaction with Troy, PATAC and other agents to the Company to ensure that the Company has sufficient resilience in its portfolio and in its operational structure to meet the challenging circumstances, which has proven to be the case.
- **Management of the Portfolio** – The Managers' Review on pages 6 to 9 details the key investment decisions taken during the year. The overall shape and structure of the investment portfolio is an important factor in delivering the Company's stated investment objective. During the year, the Manager continued with the transition of the portfolio to ensure the sustainability and balance of income and capital returns. The Board believes this will be of long-term benefit to Shareholders.
- **Dividends** – As explained in more detail in the Chairman's Statement and Managers' Review, the economic disruption caused by COVID-19 has had a significant impact on dividends from investee companies in the year under review, and also on the outlook for the future. The Board maintained the Company's dividend level for the year just ended but is intending to reduce the dividend for the year to 30 September 2021 to a sustainable level from which growth can resume.
- **Discount Control Mechanism ('DCM')** – During the year the Company issued 39.88m Ordinary shares and bought back 0.86m Ordinary shares through the operation of the DCM. The shares were issued at a premium to the NAV and bought back at a discount to NAV, thereby providing a small accretion to the NAV per share. The Board believes the operation of the DCM is very important for Shareholders as it provides liquidity and reduces discount volatility.



In addition, the Company issued 13.65m Ordinary shares in respect of the merger with Cameron Investors Trust plc in November 2019.

- Loan Facility – The Board maintains a £20m gearing facility with ING and, whilst this was not utilised during the year, it provides an important tool to be deployed should the correct opportunity present itself.

Risk Management

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

The Board can confirm that the principal risks of the Company, including those which would threaten its business model, future performance, solvency or liquidity, have been robustly assessed for the year ended 30 September 2020. A description of the principal risks and how they are managed is set out below, with disclosure of financial risk set out in note 15 on page 50.

- Pandemic risk – The COVID-19 pandemic has brought unprecedented challenges to the world and its rapid development has delivered an abrupt shock to the global economy. Since the start of 2020, the pandemic has moved quickly from being an emerging risk of the Company to the principal risk. The Company is exposed to volatile and falling markets brought about by the pandemic, as well as the risks surrounding the companies in the portfolio, such as reduced demand, reduced turnover and supply chain breakdown. Troy continues to carefully review the composition of the Company's portfolio and to discuss this with the Board on a regular basis. Operationally, COVID-19 is also affecting the suppliers of services to the Company, including Troy and other key third parties. This represents a risk to the Company and the Board is reviewing regularly the mitigation measures which have been put in place to maintain operational resilience. Working from home arrangements have been implemented where appropriate and government guidance is being followed. To date services have continued to be supplied as normal and the Board continues to monitor arrangements.

In addition to the pandemic risk referred to above, the principal risks faced by the Company, which have not changed during the course of the year, are as follows:

- Performance risk – The Board is responsible for deciding the investment strategy to fulfil the Company's objective and monitoring the performance of the Manager. An inappropriate strategy or poor execution of strategy might lead to underperformance against the appropriate benchmark and its peer group. To manage this risk the Manager provides an explanation of significant stock selection decisions and the rationale for the composition of the investment portfolio. The Board also receives and reviews regular reports showing an analysis of the Company's performance against the FTSE All-Share Index (total return) and its peer group.
- Market risk – Market risk arises from uncertainty about the future prices of the Company's investments. The Board monitors and maintains an adequate spread of investments in order to minimise the risks or factors specific to a particular investment or sectors, based on the diversification requirements inherent in the Company's investment policy. The guidelines which limit the portfolio exposure are set out in the Investment Strategy on page 15. The underlying risks and potential increased volatility associated with Brexit and other global political situations are considered within market risk.
- Resource and operational risk – Like most other investment trusts, the Company has no employees. The Company therefore relies on services provided by third parties and their control systems. These service providers include, in particular, the Alternative Investment Fund Manager ('AIFM') and the Manager, to whom responsibility for the management of the Company has been delegated under an investment management agreement and an investment management delegation agreement respectively (the 'Agreements') (further details of which are set out on page 20). The terms of these Agreements cover the necessary duties and conditions expected of the AIFM and Manager. The Board reviews the performance of the AIFM and Manager on a regular basis and their compliance with the Agreements on an annual basis.

Other risks faced by the Company include the following:

- Breach of regulatory rules which could lead to the suspension of the Company's London Stock Exchange listing, financial penalties or a qualified audit report.
- Breach of section 1159 of the Corporation Tax Act 2010 which could lead to the Company being subject to tax on capital gains.

Strategic Report (continued)

The Board have considered the Company's solvency and liquidity risk and full disclosure of this is made in note 15 on page 53 and in the viability statement on page 21.

Social, Community, Employee Responsibilities and Environmental Policy

The Directors recognise that their first duty is to act in the best financial interests of the Company's Shareholders and to achieve good financial returns against acceptable levels of risk, in accordance with the objectives of the Company.

In asking the Manager to deliver against these objectives, they have also requested that the Manager take into account the broader environmental, social and governance issues of companies within the Company's portfolio, acknowledging that companies failing to manage these issues adequately run a long term risk to the sustainability of their businesses.

More specifically, they expect companies and key suppliers to demonstrate sound governance, effective management of their stakeholder relationships, responsible management and mitigation of social and environmental impacts.

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

The Company has no greenhouse gas emissions to report from its operations for the year ended 30 September 2020, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 (including those within the underlying investment portfolio).

At 30 September 2020 there were three male Directors and one female Director. The Company has no employees so does not require to report further on gender diversity.

By Order of the Board

PATAC Limited

Secretary

23 November 2020

Directors' Report

Status of the Company

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

Results and Dividends

The financial statements for the year ended 30 September 2020 appear on pages 37 to 56. Dividends in respect of the year amounted to 2.78p per share (2019 – 2.75p). The fourth interim dividend of 0.695p per share announced on 30 September 2020 (2019 – fourth interim 0.695p) will be accounted for in the financial year ending on 30 September 2021.

The Company issued a prospectus on 22 October 2019, partly in respect of a merger with Cameron Investors Trust plc ('CIT'). The merger was effected on 18 November 2019 by way of a scheme of reconstruction of CIT under section 110 of the Insolvency Act 1986, resulting in the voluntary liquidation of CIT and CIT shareholders rolling over their interest in CIT into the Company (the 'Scheme'). At 30 September 2019, the Company had an investment in CIT of £2,652,000.

The Scheme was effected on a NAV for NAV basis and so did not result in any NAV dilution for existing Shareholders of the Company. On 18 November 2019, the Company issued 13,647,942 new Ordinary shares in relation to the Scheme and received assets of £13,956,000. Following the cancellation of the Company's own investment in CIT of £2,652,000, the resulting increase in the Company's net assets was £11,304,000.

Share Capital

The issued share capital at 30 September 2020 consisted of 346,652,987 Ordinary shares of 25p each and there were 859,000 Ordinary shares held in treasury. As at the date of this report the issued share capital consisted of 347,252,987 Ordinary shares of 25p each and there were 259,000 Ordinary shares held in treasury. Each holder of Ordinary shares, excluding treasury shares, is entitled to one vote on a show of hands and, on a poll, to one vote for every Ordinary share held.

Directors

Details of the current Directors are set out on page 13. All held office throughout the year and up to the date of this report. Following best practice the Directors have decided to submit themselves for re-election each year. The Board supports the candidature of the Directors for the reasons described in the Statement of Corporate Governance on page 24.

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

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

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

Conflicts of Interest

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

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

Substantial Interests

As at 30 September 2020 the Company had received notification of the following interests in the Ordinary share capital of the Company:

Shareholder	Number of shares held	% held
Brewin Dolphin clients	29,019,323	8.37
Schroder Investment Management Limited	17,764,130	5.12
Rathbone Brothers plc clients	14,296,573	4.12
Troy Asset Management Limited clients*	10,765,424	3.11

* including the interests of Francis Brooke referred to on page 20.

There have been no notifications of changes in interest since 30 September 2020 up to the date of this report.

Directors' Report (continued)

Management Arrangements

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

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

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

Investment Management Delegation Agreement

With effect from 1 August 2009, investment management services have been provided to the Company by Troy. From 1 October 2012 to 31 December 2018 the fee was at an annual rate of 0.75% of the Company's net assets up to £175 million and at an annual rate of 0.65% of the Company's net assets above £175 million. From 1 January 2019, the fee is at an annual rate of 0.65% of the Company's net assets.

Details of the fee charged by Troy in the financial year and how it is calculated are set out in note 3 to the financial statements. The Board believes the fee charged by Troy is competitive by comparison with other investment trusts with a similar investment mandate and is priced appropriately given the level of service provided by the Manager.

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

The contract is also terminable summarily by any party in the event of material breach by any other party; the occurrence of certain events suggesting the insolvency of any other party or relating to the winding up of any other party; the serious misconduct, negligence, wilful default, or fraud of any other party; or the Company being the subject of any reconstruction or amalgamation following a continuation vote having failed to be passed by the Company in general meeting and/or the Company being wound up, liquidated or dissolved. In addition, the Company and the AIFM are entitled to terminate the contract summarily (a) if Francis Brooke ceases to be a full-time executive of Troy, (b) if Troy ceases to have the appropriate FCA authorisation to manage the Company's assets, (c) if Troy or any of its employees or associates is involved in any conduct which is materially prejudicial to the interests of the Company or the AIFM, (d) if Troy undergoes a change of control (other than through a change of control whereby the existing management team including Sebastian Lyon and Francis Brooke increase their aggregate holding in Troy to more than 50% of the voting rights or through a change of control which does not involve a change of control of the Manager's ultimate holding company), (e) if the Company ceases to satisfy the conditions for approval as an investment trust by reason of the Manager's negligence or wilful default or (f) if an FCA audit or investigation gives rise to an adverse finding in relation to any significant aspect of the Manager's business which might be expected to have a materially adverse effect on the Company's business or reputation.

Following the review by the Management Engagement Committee outlined on page 26, the Board considers the continuing appointment of the Manager to be in the best interests of the Shareholders at this time.

As at 23 November 2020, Francis Brooke and Hugo Ure, held respectively 4,708,424 and 400,000 Ordinary shares in the Company.

Company Secretary

On 1 July 2010 PATAC was appointed to provide company secretarial, accounting and administration services to the Company. From 1 July 2010 to 30 September 2019, PATAC received an annual fee for these services of £95,000, adjusted annually by the higher of the increase in the Retail Price Index or the Consumer Price Index. From 1 October 2019, PATAC receives a fee for these services of £100,000 per annum plus an amount equal to 0.1% of the Company's net assets between £50 million and £100 million, 0.03% of the Company's net assets between £100 million up to and including £250 million and 0.02% of the Company's net assets between £250 million up to and including £1,000 million. The fixed fee element of the fee is adjusted annually by the increase in the Consumer Price Index.

Depositary

J.P. Morgan Europe Ltd was appointed depositary for the Company with effect from 22 July 2014. The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements. The Depositary has delegated the custody function to J.P. Morgan Chase Bank N.A.

Borrowings

On 24 April 2019 the Company renewed its £20 million unsecured floating rate revolving credit facility with ING Luxembourg S.A for a further two years. The facility is for the acquisition of investments and for general corporate purposes. Further details are set out in note 5 to the financial statements.

Corporate Governance

The Statement of Corporate Governance is set out on pages 24 to 28 and forms part of this report.

Audit Committee

Details of the Audit Committee are contained within the Statement of Corporate Governance on page 25.

Going Concern

The Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. This review included consideration of the Company's investment objective, its principal risks, in particular those relating to COVID-19 (see pages 17 and 18), the nature and liquidity of the portfolio, current liabilities and expenditure forecasts.

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

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

Viability Statement

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

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

- The principal risks and uncertainties detailed on pages 17 to 18 and the mitigating controls in place, including the ongoing impact of COVID-19 and the Company's operational resilience.
- The ongoing relevance of the Company's investment objective in the current environment.
- The level of current and historic ongoing charges incurred by the Company as disclosed on page 1.
- The utilisation quantum of the discount control mechanism.
- The level of income generated by the Company.
- The liquidity of the Company's portfolio.

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

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

Based on the foregoing, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to the AGM in 2024.

Independent Auditors

Following a tender process in 2015, PricewaterhouseCoopers LLP were appointed the Company's Auditors in 2016. The lead audit engagement partner is Allan McGrath. The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he or she ought to have taken as a

Directors' Report (continued)

Director to make himself or herself aware of any relevant audit information, and to establish that the Company's Auditors are aware of that information.

Discount Policy

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

This discount control mechanism is operated by PATAC. Up to 30 September 2019, the fee for this service was £33,000 per annum. From 1 October 2019, the fee for this service is £30,000 per annum plus the lower of (i) a charge of £250 per transaction; and (ii) a commission of 0.1% of the aggregate proceeds of any transaction undertaken in accordance with the discount control mechanism. The fixed fee element of the fee is adjusted annually by the increase in the Consumer Price Index. The fee is charged to the share premium account.

The Directors will continue to seek the renewal of the Company's authority to buy-back Ordinary shares annually and at other times should this prove necessary. From the authority granted at the January 2020 AGM, the Company, at 30 September 2020, had the remaining authority to buy-back 47,863,294 Ordinary shares. Any buy-back of Ordinary shares will be made subject to the Companies Act 2006 and within guidelines established from time to time by the Board and the making and timing of any buy-backs will be at the absolute discretion of the Board. The Directors will be authorised to cancel any Ordinary shares purchased under such authority or to hold them in treasury. Purchases of Ordinary shares will only be made through the market for cash at prices below the prevailing net asset value of the Ordinary shares. Such purchases will also be made only in accordance with the rules of the Financial Conduct Authority which provide that the price to be paid must not be less than the nominal value of an Ordinary share nor more than the higher of (a) 5% above the average of the middle market quotations for the Ordinary shares for the five business days before the purchase is made and (b) the higher of the price of the last independent trade and the highest current independent bid relating to an Ordinary share on the trading venue where the purchase is carried out.

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

Risk Management

Details of the principal risks facing the Company and their management are set out in the Strategic Report on pages 17 and 18. Details of financial risk management policies and objectives relative to the use of financial instruments by the Company are set out in note 15 to the financial statements.

Annual General Meeting

The notice convening the Annual General Meeting of the Company to be held on 28 January 2021 is given on pages 60 to 63. Among the resolutions being proposed are the following:

(i) Dividend Policy

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

The policy includes a provision that allows distributions to be made from distributable capital reserves. The third interim dividend for the year ended 30 September 2020 was paid from the Company's distributable capital reserve.

As explained in the Chairman's Statement, the Board intends to set a new and reduced dividend rate for the year to 30 September 2021. The reduction recognises both the structural impact of the COVID-19 pandemic on the UK equity dividend landscape and the portfolio changes made by the Manager. The Board believes that in order to maximise total returns to the Company's investors, the income component of that return needs to be sustainable and able to grow, albeit from a lower level.

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

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

dividend to grow over time. The Company has the flexibility in accordance with its Articles of Association to make distributions from distributable capital reserves.

(ii) Directors' Authority to Allot Shares

Resolution 10, which is an ordinary resolution, will, if approved, give the Directors a general authority to allot new Ordinary shares up to an aggregate nominal value of £28,937,000 representing approximately one third of the total Ordinary share capital of the Company in issue (excluding treasury shares) as at the date of this document.

In line with corporate governance guidelines, resolution 11, which is a special resolution, will, if approved, authorise the Directors to allot new Ordinary shares, or resell Ordinary shares held in treasury, up to an aggregate nominal amount of £8,681,000, representing approximately 10% of the total Ordinary share capital of the Company in issue (including treasury shares) as at the date of this document. Resolution 11, if approved, will give the Directors power to allot such new Ordinary share for cash without first offering them to existing Shareholders pro rata to their existing holdings.

In addition to this authority, resolution 12, which is a special resolution, will if approved, authorise the Directors to allot further Ordinary shares, or resell further Ordinary shares held in treasury, up to an aggregate nominal amount of £8,681,000, representing approximately 10% of the total Ordinary share capital of the Company in issue (including treasury shares) as at the date of this document. Resolution 12, if approved, will give the Directors power to allot such new Ordinary shares for cash without first offering them to existing Shareholders pro rata to their existing holdings. This additional authority will only be used to issue new Ordinary shares, or resell Ordinary shares held in treasury, in accordance with the Company's discount control mechanism.

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

These authorities will expire on 31 March 2022 or, if earlier, at the conclusion of the AGM of the Company to be held in 2022.

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

Resolution 13, which is a special resolution, will be proposed to renew the Company's authorisation to make market purchases of its own Ordinary shares. The maximum number of Ordinary shares which may be purchased pursuant to the authority shall be 14.99% of the issued share capital of the Company as at the date of the passing of the resolution (approximately 52.0 million Ordinary shares as at the date of this document). This authority will expire on 31 March 2022 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held in 2022 (unless previously revoked, varied or extended by the Company in general meeting). Further details in relation to the Board's discount policy including the details about the minimum and maximum price to be paid are set out on page 22.

(iv) Notice Period for General Meetings

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

Recommendation

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

By Order of the Board

PATAC Limited

Secretary

23 November 2020

Statement of Corporate Governance

Introduction

Corporate governance is the process by which the Board seeks to look after Shareholder interests and protect and enhance Shareholder value. Shareholders hold the Directors responsible for the stewardship of the Company. The Board has considered the principles and provisions of the Association of Investment Trusts' Code of Corporate Governance ('AIC Code'). The AIC Code is endorsed by the Financial Reporting Council and adapts the principles and provisions set out in the UK Corporate Governance Code to make them relevant to investment companies as well as incorporating the relevant provisions of the UK Corporate Governance Code.

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

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

The Board

The Board currently consists of four Non-Executive Directors, one of whom, David Warnock, is Chairman. The Senior Independent Director is Roger White. Biographies of the Directors appear on page 13 which demonstrate the wide range of skills and experience each brings to the Board. Each Director has signed a letter of appointment to formalise in writing the terms of his or her engagement as a Non-Executive Director. Copies of these letters are available for inspection at the registered office of the Company during normal business hours and will also be available for fifteen minutes prior to and during the Annual General Meeting.

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

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


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

The Board 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. These reviews form the basis of the decision on whether or not Directors are nominated for re-election. These processes have been carried out in respect of the year under review and will be conducted on an annual basis.

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

Directors have attended Board and Committee meetings during the year ended 30 September 2020, as follows:

Meetings held and attendance	Board	Audit Committee	Management Engagement Committee	Nomination Committee
D Warnock	7/7	2/2	1/1	1/1
J Brown	7/7	2/2	1/1	1/1
R White	7/7	2/2	1/1	1/1
D Garman	7/7	2/2	1/1	1/1



The Board has appointed PATAC to provide accounting and secretarial services and to act as AIFM from 22 July 2014. The Board and the AIFM have appointed Troy to manage the Company's investment portfolio within guidelines set by the Board in consultation with the AIFM. PATAC provides the Board with regular reports on the Company's activities. In the case of Board meetings, the information includes the Manager's review, statistics analysing the Company's performance relative to its benchmark, peers and various stock market indicators, details of investments purchased and sold, projections of future income from investments, gearing and cash management details.

The Board has a formal schedule of matters specifically reserved to it for decision. These are discussed at regular intervals (at least once per annum) and comprise corporate matters, the Company's objective, advisers, the AIFM, the Manager and the management agreements. When necessary, the AIFM and the Manager are requested to withdraw so that the Directors may discuss matters in private. There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access which every Director has to the advice of the Company Secretary and PATAC.

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

Audit Committee

The Audit Committee comprises all of the Directors of the Company. The Board considers that it is appropriate for all Directors to be members of the Committee owing to the size and composition of the Board. The Audit Committee, who consider that they have the requisite skills and experience to fulfil their roles, met twice in 2020 to coincide with the interim and annual reporting and audit cycle. Jann Brown is the Chair of the Audit Committee.

The principal role of the Audit Committee is to review the annual and interim financial statements and the accounting policies applied therein and ensure compliance with financial and regulatory reporting requirements. During the year, the Audit Committee has maintained its focus on both the internal control environment and ensuring that the accounting is in accordance with International Financial Reporting Standards and represents a true and fair view of the results of the Company.

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

The Committee places great importance on ensuring high standards of both quality and effectiveness in the external audit process.

Audit quality is reviewed throughout the year with a focus on: strong audit governance; the audit firm's methodology and its effective application to the Company; a robust challenge by the auditor on any area which requires management judgement; and the quality of the senior members of the team.

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

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

In addition, at the end of the audit for the year, the Committee has used a questionnaire to evaluate the performance of the Auditors. No significant issues were identified.

The external Auditors attended both meetings of the Audit Committee during the year. In addition the Committee reviewed the independence of the external Auditor, PricewaterhouseCoopers LLP and reviewed and ratified their continued appointment.

In completing this review, the Audit Committee has taken into account the standing, experience and tenure of the Audit Partner, the nature and level of service provided and confirmation that they have complied with relevant UK independence guidelines. Following a tender process in 2015, the current Auditor was appointed during the year to 30 September 2016.

Statement of Corporate Governance (continued)

In the course of finalising the financial statements, the Committee focused its discussions on the following significant issues:

- Valuation and existence of investments: Investments are valued using stock market prices from independent price sources. The AIFM carries out testing of the prices and regularly reconciles the portfolio holdings to confirmations from the Company's custodian.
- Accuracy, occurrence and completeness of dividend income: Income received is accounted for in line with the Company's accounting policy (as set out on page 42) and is reviewed by the Board at each Board meeting, including allocation of special dividends.
- COVID-19: The Committee considered the impact of COVID-19 on the Company's system of internal controls and received regular updates from the AIFM and the Manager on mitigation measures put in place to ensure operational resilience.

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

The Audit Committee's responsibilities also include reviewing the arrangements in place within Troy and PATAC whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company.

Nominations Committee

The Nominations Committee, which comprises all of the Directors of the Company, considers the appointment of new Directors bearing in mind the balance of skills, knowledge, experience and diversity existing on the Board. The Chairman is David Warnock. It is not considered appropriate for the Company to have set targets in relation to diversity; candidates will be assessed in relation to the relevant needs of the Company at the time of appointment. Once a decision is made to recruit additional Directors to the Board, a job description is prepared and each Director is invited to submit nominations and these are considered by the Committee. It is considered that this is the most appropriate method of facilitating Board appointments. However, external agencies may also be used if the Committee considers that there are no suitable nominations.

Under the Articles of Association new Directors are subject to re-election at the first Annual General Meeting after their appointment. Directors do not have a service contract or fixed term in office but in accordance with best practice the Board has decided that all Directors will submit themselves for re-election annually. As the composition of the Board is expected to reflect a breadth of commercial, professional and industrial experience, new Directors are provided with sufficient guidance and instruction to enable them to understand the economic environment in which investment trusts operate and carry out an effective and objective evaluation of the Company's performance therein.

Remuneration Committee

As noted in the Directors' Remuneration Report on pages 30 and 31, 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.

Management Engagement Committee

The Board has constituted a separate Management Engagement Committee which comprises all of the Directors and which met once during the year. The main functions of the Committee are to define the terms of the Agreements with the Manager and the AIFM, to ensure that they follow good industry practice, are competitive and are in the best interests of the Shareholders. The Committee monitors the Manager's and AIFM's compliance with the terms of the Agreements and their performance. The Committee also reviews the services and performance of the Company's other service providers. A review of the Manager was undertaken during the year and the Committee considered the continuing appointment of the Manager to be in the best interest of the Shareholders at this time. The Committee believes that the Manager has the skills and experience appropriate to achieving the Company's investment objective. The Committee also reviewed the AIFM and other service providers during the year and concluded that the services provided to the Company were satisfactory and that the Agreements entered into with them were operating in the best interests of Shareholders.

Relations with Shareholders

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

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

Internal Control

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

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

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

The risk limits, which are set by the AIFM in conjunction with the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits, including leverage (see note 21 on page 56), are monitored and exceptions are escalated to the AIFM along with any remedial measures that are required.

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

Proxy Voting and Stewardship

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

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

The Company's voting rights in respect of investee companies are delegated to the Manager, who votes at all general meetings of UK companies and reports to the Board on a regular basis. The Manager considers each

Statement of Corporate Governance (continued)

case on its individual merits with the primary aim of the use of voting rights being to ensure a satisfactory return from investments. The Manager's statement of compliance with the UK Stewardship Code can be found on the Manager's website at www.taml.co.uk.

Bribery Act

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

Criminal Finances Act 2017

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

By Order of the Board

PATAC Limited

Secretary

23 November 2020

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements and the Directors' Remuneration Report, in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year and these have been prepared in accordance with IFRSs as adopted by the EU.

Under Company law, the Directors must not approve the financial statements unless they are satisfied they present fairly the financial position, financial performance and cash flows for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the EU is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and performance;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU subject to any material departures disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume the Company will continue in business.

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement under Disclosure Guidance and Transparency Rules

Each of the Directors confirms that to the best of his or her knowledge:

- the financial statements, prepared in accordance with IFRSs, as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report and the Directors' Report (incorporating the other sections of this document which are referred to in them) include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of Troy Income & Growth Trust plc

Jann Brown

Chair of the Audit Committee

23 November 2020

Directors' Remuneration Report

Chairman's Statement

The following report has been prepared by the Board in accordance with the requirements of section 421 of the Companies Act 2006. An ordinary resolution for the approval of this report, the Annual Report on Remuneration, will be put to Shareholders at the forthcoming AGM. The Remuneration Policy set out below was approved by Shareholders at the AGM held in 2020, and the policy is subject to a vote at least every three years.

The Company's independent Auditors are required by law to audit certain of the disclosures contained in the Directors' Remuneration Report. Where disclosures have been audited, they are indicated as such. The independent Auditors' opinion is included in the report on pages 32 to 36.

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

Remuneration Policy

The Board as a whole reviews and sets the rates of remuneration payable to each Director with effect from the annual review date of 1 April each year. The Board is aware that these should be comparable to market rates to attract and retain Directors of the appropriate calibre and reflect the time spent and the responsibilities borne by Directors in exercising the stewardship required of the Company. In setting these rates, the Board acts principally on advice from the Company Secretary, who monitors rates of Directors' remuneration in companies of comparable size and activities and carries out other relevant research requested by the Board. Any Director who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration as the Board may in its discretion decide. No separate remuneration committee has been constituted in view of the level of work delegated to the Manager and Company Secretary.

The Articles of Association of the Company set a maximum aggregate limit within a financial year for Non-Executive Directors' remuneration. The limit was approved by Shareholders in 2006 at £70,000 per annum, increased annually in line with the change in the Retail Price Index and pro-rated up or down should the number of Directors change either temporarily or permanently. Since 2006, the number of Directors has increased from three to four and, taking into the account the increase in Retail Price Index, the limit for the year ended 30 September 2020 was £134,800.

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

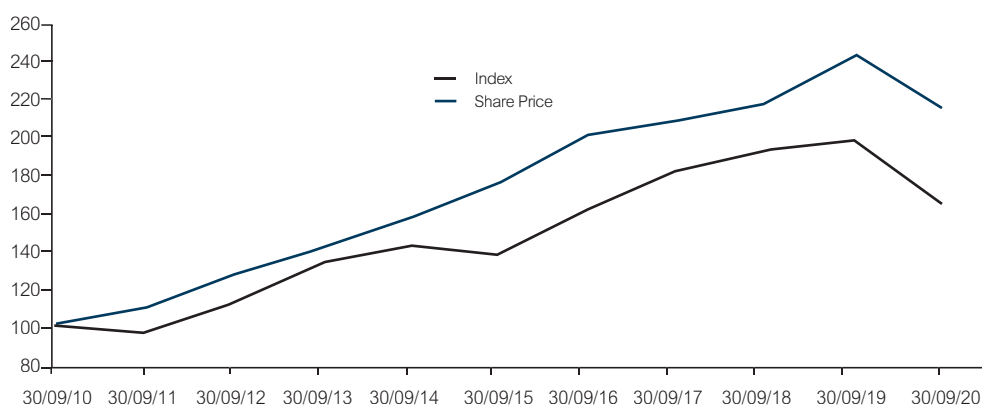
The Board considers that the present policy of remunerating Directors exclusively by fixed fees in cash is appropriate and adequate for the Company in its present and foreseeable circumstances and there are no plans to introduce additional or alternative remuneration schemes.

The new Directors' remuneration rates, effective from 1 April 2020, are as follows:

	From 1 April 2020 £	From 1 April 2019 £
Chairman	35,500	35,000
Audit Committee Chair	28,400	28,000
Other Directors	24,350	24,000

Total Shareholder Return

The chart shown below illustrates the total shareholder return for a holding in the Company's shares as compared to the total return on the FTSE All-Share Index for the ten year period to 30 September 2020. This index is deemed to be the most appropriate one against which to measure the Company's long-term performance.



Annual Report on Remuneration (Audited Information)

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

	2020 £	2019 £
D Warnock	35,250	31,865
J Brown	28,200	25,120
R White	24,175	21,525
D Garman	24,175	21,525
	111,800	100,035

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

Relative Importance of Spend on Pay

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

Directors' Interests (Audited Information)

The Directors at 30 September 2020 had no other interest other than those interests, all of which are beneficial interests, shown below in the share capital of the Company.

	At 30 September 2020 Ordinary shares	At 30 September 2019 Ordinary shares
D Warnock	670,272	500,000
J Brown	87,563	87,563
R White	300,000	300,000
D Garman	100,000	100,000

There have been no changes in the interests of the Directors in the share capital during the period 1 October 2020 to 20 November 2020.

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

Statement of Voting at Annual General Meeting

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

	In favour	Against
Directors' Remuneration Report	99.6%	0.4%
Directors' Remuneration Policy	99.6%	0.4%

Approved by the Board of Directors on 23 November 2020 and signed on its behalf by:

David Warnock
Chairman

Independent Auditors' Report to the Members of Troy Income & Growth Trust plc

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 September 2020; the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement, for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

We have provided no non-audit services to the Company in the period from 1 October 2019 to 30 September 2020.

Our audit approach

Overview



- Overall materiality: £2.52m (2019: £2.45m), based on 1% of net assets.
- The Company is a standalone Investment Trust Company and engages Troy Asset Management Limited (the "Manager") to manage its assets.
- We conducted our audit of the financial statements using information from PATAC Limited (the "Administrator") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates
- We obtained an understanding of the control environment in place at both the Manager and the Administrator, and adopted a fully substantive testing approach using reports obtained from the administrator.
- Valuation and existence of investments.
- Accuracy, occurrence and completeness of dividend income.
- Consideration of impacts of COVID-19.

The scope of our audit

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

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010 (see page 17 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- discussions with the Manager and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing relevant committee meeting minutes, including those of the Board and Audit Committee;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of unquoted investments (see related key audit matter below);
- identifying and testing journal entries posted throughout the year and in particular, manual year end journal entries posted during the preparation of the financial statements. This included, but was not limited, to testing journals with unusual account combinations, inappropriate users or reviewers and journals posted at unusual times; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation and existence of investments</i> Refer to page 41 (Accounting Policies, Note 1(b)) and page 47 (Notes to the Financial Statements). The investment portfolio at year-end consisted of listed equity investments valued at £242.3million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.</p>	<p>We tested the valuation of the investments by agreeing the prices used in the valuation to independent third-party sources for all investments. We tested the existence of the investment portfolio by agreeing investment holdings to an independent custodian confirmation. No material issues were identified.</p>
<p><i>Accuracy, occurrence and completeness of dividend income</i> Refer to page 42 (Accounting Policies) and page 43 (Notes to the Financial Statements). We focused on the accuracy, occurrence and completeness of dividend income as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover. We also focused on the accounting policy for income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP") as incorrect application could indicate a misstatement in income recognition.</p>	<p>We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. To test for occurrence, we confirmed that all dividends recorded had occurred in the market, and traced a sample of cash payments to bank statements. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for all listed investments during the year. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by confirming reasons behind dividend distributions. No material issues were identified.</p>
<p><i>Consideration of the impact of COVID-19</i> Refer to the Chairman's Statement (pages 4 to 5), Principal Risks (page 17), Going Concern (page 21), Viability Statement (page 21) and the Portfolio Managers' Review (pages 6 to 9), which disclose the impact of the COVID-19 coronavirus pandemic.</p>	<p>We evaluated the Directors' assessment of the impact of the COVID-19 pandemic on the Company by:</p> <ul style="list-style-type: none"> • Evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by COVID-19.

Independent Auditors' Report to the Members of Troy Income & Growth Trust plc (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Consideration of the impact of COVID-19</p> <p>From a small number of cases of an unknown virus in 2019, the COVID-19 viral infection has become a global pandemic. It has caused disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates during the first half of 2020 and to date. The Directors have prepared the financial statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is based on the assessment that, notwithstanding the significant market uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels through the coronavirus pandemic.</p>	<ul style="list-style-type: none"> Evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements. <p>We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report by:</p> <ul style="list-style-type: none"> We obtained evidence to support the key assumptions and forecasts' driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers. <p>We assessed the disclosures presented in the Annual Report in relation to COVID-19 by:</p> <ul style="list-style-type: none"> Reading the other information, including the Principal Risks and Viability Statement set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit. <p>Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report. Our conclusions relating to going concern are set out in the 'Conclusions relating to going concern' section below.</p>

How we tailored the audit scope

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

Materiality

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

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

Overall materiality	£2.52m (2019: £2.45m).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £126,000 (2019: £123,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

<p>Reporting obligation</p> <p>We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.</p>	<p>Outcome</p> <p>We have nothing material to add or to draw attention to.</p> <p>However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.</p>
<p>We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.</p>	<p>We have nothing to report.</p>

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on pages 17 and 18 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 21 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Company and statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. (*Listing Rules*)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 29, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report on pages 25 and 26 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Independent Auditors' Report to the Members of Troy Income & Growth Trust plc (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the members on 19 January 2016 to audit the financial statements for the year ended 30 September 2016 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the years ended 30 September 2016 to 30 September 2020.

Allan McGrath (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
23 November 2020

Statement of Comprehensive Income

	Note	Year ended 30 September 2020			Year ended 30 September 2019		
		Revenue	Capital	Total	Revenue	Capital	Total
		return	return		return	return	
		£'000	£'000	£'000	£'000	£'000	£'000
(Losses)/profits on investments held at fair value	9	–	(32,210)	(32,210)	–	14,100	14,100
Currency gains/(losses)		–	10	10	–	(2)	(2)
Revenue	2						
Income from listed investments		8,212	–	8,212	8,944	–	8,944
Other income		2	–	2	4	–	4
		8,214	(32,200)	(23,986)	8,948	14,098	23,046
Expenses							
Investment management fees	3	(574)	(1,066)	(1,640)	(526)	(977)	(1,503)
Other administrative expenses	4	(554)	–	(554)	(500)	–	(500)
Finance costs of borrowing	5	(18)	(32)	(50)	(26)	(47)	(73)
(Loss)/profit before taxation		7,068	(33,298)	(26,230)	7,896	13,074	20,970
Taxation	6	(53)	–	(53)	(149)	–	(149)
Total comprehensive income		7,015	(33,298)	(26,283)	7,747	13,074	20,821
Earnings per Ordinary share (pence)	8	2.11	(10.04)	(7.93)	2.70	4.56	7.26

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the European Union. The supplementary revenue return and capital return columns are both prepared as explained in the accounting policies on page 41. All items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the year.

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

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

Statement of Financial Position

		As at 30 September 2020 £'000	As at 30 September 2019 £'000
	Note		
Non-current assets			
Investments in ordinary shares		242,316	241,001
Investments held at fair value through profit or loss	9	242,316	241,001
Current assets			
Accrued income and prepayments		861	810
Trade and other receivables		474	–
Cash and cash equivalents		8,556	4,184
Total current assets		9,891	4,994
Total assets		252,207	245,995
Current liabilities			
Trade and other payables		(521)	(534)
Total current liabilities		(521)	(534)
Net assets		251,686	245,461
Issued capital and reserves attributable to equity holders			
Called-up share capital	10	86,878	73,495
Share premium account	11	53,960	25,166
Special reserves	12	60,366	63,397
Capital reserve – unrealised	13	41,678	60,217
Capital reserve – realised	13	2,599	17,358
Revenue reserve	14	6,205	5,828
Total equity		251,686	245,461
Net asset value per Ordinary share (pence)	8	72.60	83.50

The financial statements on pages 37 to 56 were approved by the Board of Directors on 23 November 2020 and were signed on its behalf by:

David Warnock

Chairman

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

Statement of Changes in Equity

For year ended 30 September 2020

	Called-up share capital £'000	Share premium account £'000	Special reserves £'000	Capital reserve – unrealised £'000	Capital reserve – realised £'000	Revenue reserve £'000	Total equity £'000
Balance at 1 October 2019	73,495	25,166	63,397	60,217	17,358	5,828	245,461
(Loss)/profit and total comprehensive income for the year	–	–	–	(18,539)	(14,759)	7,015	(26,283)
Equity dividends (note 7)	–	–	(2,411)	–	–	(6,638)	(9,049)
Shares bought back into treasury	–	–	(620)	–	–	–	(620)
Shares issued from treasury	–	–	–	–	–	–	–
New shares issued	13,383	28,854	–	–	–	–	42,237
Discount control costs	–	(60)	–	–	–	–	(60)
Balance at 30 September 2020	86,878	53,960	60,366	41,678	2,599	6,205	251,686
Balance at 1 October 2018	72,699	23,124	57,831	49,494	15,007	5,903	224,058
Profit and total comprehensive income for the year	–	–	–	10,723	2,351	7,747	20,821
Equity dividends (note 7)	–	–	–	–	–	(7,822)	(7,822)
Shares bought back into treasury	–	–	(893)	–	–	–	(893)
Shares issued from treasury	–	240	6,459	–	–	–	6,699
New shares issued	796	1,835	–	–	–	–	2,631
Discount control costs	–	(33)	–	–	–	–	(33)
Balance at 30 September 2019	73,495	25,166	63,397	60,217	17,358	5,828	245,461

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

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

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

Cash Flow Statement

	Year ended 30 September 2020		Year ended 30 September 2019	
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Investment income received	8,157		8,764	
Administrative expenses paid	(2,226)		(1,989)	
Cash generated from operations (note 19(a))		5,931		6,775
Finance costs paid		(50)		(73)
Taxation		(33)		(149)
Net cash inflows from operating activities		5,848		6,553
Cash flows from investing activities				
Purchases of investments	(87,855)		(37,439)	
Sales of investments	53,856		24,281	
Net cash outflow from investing activities		(33,999)		(13,158)
Net cash outflow before financing		(28,151)		(6,605)
Financing activities				
Proceeds of issue of shares	42,339		9,331	
Cost of share buy backs	(617)		(1,028)	
Dividends paid	(9,049)		(7,822)	
Costs incurred on issue of shares	(160)		(33)	
Net cash inflow from financing activities		32,513		448
Net increase/(decrease) in cash and short term deposits (note 19(b))		4,362		(6,157)
Cash and cash equivalents at the start of the year		4,184		10,343
Effect of foreign exchange rate changes		10		(2)
Cash and cash equivalents at the end of the year		8,556		4,184

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

Notes to the Financial Statements

1. Accounting Policies

(a) Basis of accounting

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ('IFRS') and interpretations issued by the IFRS Interpretations Committee, to the extent that they have been adopted by the European Union.

The financial statements have also been prepared in accordance with the Companies Act 2006, as applicable to companies adopting IFRS.

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

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

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

Where presentational guidance set out in the Statement of Recommended Practice ('SORP') 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in October 2019) is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

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

The Directors confirm that none of the following newly effective standards have materially affected the Company's financial statements:

Standard	Effective date
Amendments to IAS 2 – Income Taxes	1 January 2019
Amendments to IFRS 9 - Financial Instruments	1 January 2019
IFRS 16 - Leases	1 January 2019

The Directors do not anticipate the adoption of the following standards will have a material impact on the Company's financial statements:

Standard	Effective date
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 7, IFRS 9 and IAS 39 – Financial Instruments	1 January 2020
Amendments to IAS 1 and IAS 8, regarding the definition of materiality	1 January 2020

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

(b) Investments – Securities held at Fair Value

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

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

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

Notes to the Financial Statements (continued)

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

(c) Income

Dividend income from equity investments including preference shares which have a discretionary dividend is recognised when the Shareholders' right to receive payment has been established, normally the ex-dividend date. Premiums received on traded option contracts are recognised as income evenly over the period from the date they are written to the date when they expire or are exercised or assigned. Underwriting commission is taken to revenue on a receipts basis.

(d) Expenses

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

(e) Bank borrowings

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

(f) Taxation

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

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

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

(g) Foreign currency

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

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

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

(h) Cash and cash equivalents

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

(i) Use of judgements and estimates

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

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

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

2. Revenue	2020	2019
	£'000	£'000
Income from listed investments		
UK dividend income	7,325	8,189
Income from overseas investments	887	755
	8,212	8,944
Other income		
Deposit interest	2	4
Total income	8,214	8,948

3. Investment management fees

On 31 July 2009, Troy Asset Management Limited ('Troy') became the Manager. From 1 October 2012 to 31 December 2018 the investment management fee was paid at an annual rate of 0.75% of the Company's net assets up to £175 million and at an annual rate of 0.65% of the Company's net assets above £175 million. Since 1 January 2019, the investment management fee has been paid at an annual rate of 0.65% of the Company's net assets. The fee is calculated monthly and paid quarterly. PATAC Limited ('PATAC') were appointed to act as the Company's AIFM with effect from 22 July 2014 for a fee of £60,000 per annum. From the same date the portfolio management activities were delegated to Troy. The commercial terms of the delegation agreement are the same as the previous investment management agreement except that the investment management fee paid to Troy is reduced by the fees of £60,000 incurred for the services of the AIFM. The fee is allocated 35% to revenue and 65% to capital.

	Revenue	2020		Revenue	2019	
	return	Capital	Total	return	Capital	Total
	£'000	return	£'000	£'000	return	£'000
Investment management fees paid to Troy	553	1,027	1,580	505	938	1,443
AIFM fee paid to PATAC	21	39	60	21	39	60
Total investment management fees	574	1,066	1,640	526	977	1,503

Notes to the Financial Statements (continued)

4. Other administrative expenses	2020	2019
	£'000	£'000
Directors' remuneration – fees as Directors	112	100
Secretarial fees	152	120
Fees payable to auditors		
– fees payable to the Company's auditors for the audit of the annual financial statements †	35	25
Other management expenses	255	255
	554	500

† Includes irrecoverable VAT of £6,000 (2019 – £4,000).

The Company had no employees during the year (2019 – nil). No pension contributions were paid for Directors (2019 – £nil). Further details on Directors' remuneration can be found in the Directors' Remuneration Report on pages 30 and 31.

5. Finance costs of borrowing

	2020			2019		
	Revenue	Capital		Revenue	Capital	
	return	return	Total	return	return	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Bank revolving credit facility	18	32	50	26	47	73

On 12 April 2017 the Company arranged a £20 million two year revolving facility with ING Luxembourg S.A. which expired in April 2019. On 24 April 2019, the Company renewed the facility for a further two years. Under the terms of the facility, the Company can draw down up to £20 million at an interest rate of LIBOR as quoted in the market for the relevant loan period, plus a margin of 0.9%. The facility is unsecured and is subject to covenants which are customary for a credit agreement of this nature. At the year end the Company had not drawn down on the facility.

6. Taxation

	2020			2019		
	Revenue	Capital	Total	Revenue	Capital	Total
	return	return		return	return	
	£'000	£'000	£'000	£'000	£'000	£'000
Irrecoverable overseas tax	53	–	53	149	–	149

The following table is a reconciliation of the total taxation charge to the charges or credits which would arise if all ordinary activities were taxed at the standard UK corporation tax rate of 19.0% (2019 – 19.0%):

	2020			2019		
	Revenue	Capital	Total	Revenue	Capital	Total
	return	return		return	return	
	£'000	£'000	£'000	£'000	£'000	£'000
(Loss)/profit on ordinary activities before taxation	7,068	(33,298)	(26,230)	7,896	13,074	20,970
Taxation of return on ordinary activities at the standard rate of corporation tax	1,343	(6,327)	(4,984)	1,500	2,484	3,984
Effects of:						
UK dividend income not liable to further tax	(1,275)	–	(1,275)	(1,444)	–	(1,444)
Overseas dividend income not liable to further tax	(168)	–	(168)	(143)	–	(143)
Capital losses/(profits) not taxable	–	6,118	6,118	–	(2,679)	(2,679)
Excess management expenses and loan relationships	100	209	309	87	195	282
Overseas withholding tax suffered	53	–	53	149	–	149
Total taxation charge for the year	53	–	53	149	–	149

At 30 September 2020, the Company had surplus management expenses and unutilised non-trade relationship deficits of £13,676,000 (2019 – £12,052,000) with a tax value of £2,598,000 (2019 – £2,049,000) to carry forward. No deferred tax asset has been recognised in the current or prior year because it is considered too uncertain that there will be suitable taxable profits from which the future reversal of the deferred tax asset could be deducted.

Notes to the Financial Statements (continued)

7. Dividends on equity shares

	2020 £'000	2019 £'000
Paid from revenue:		
Fourth interim dividend for the year ended 30 September 2018 of 0.685p	–	1,940
Fourth interim dividend for the year ended 30 September 2019 of 0.695p	2,065	–
First and second interim dividends for the year ended 30 September 2020 totalling 1.39p (2019 – three interims totalling 2.055p) per share	4,573	5,882
Total paid from revenue	6,638	7,822
Paid from distributable capital reserves:		
Third interim dividend for year ended 30 September 2020 of 0.695p (2019 – nil)	2,411	–
Total	9,049	7,822

The fourth interim dividend of 0.695p per share, declared on 30 September 2020 and paid on 23 October 2020 has not been included as a liability in these financial statements.

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

	2020 £'000	2019 £'000
Paid and payable from revenue:		
First and second interim dividends for the year ended 30 September 2020 totalling 1.39p (2019 – three interims totalling 2.055p) per share	4,573	5,882
Fourth interim dividend for the year ended 30 September 2020 of 0.695p (2019 – fourth interim dividend 0.695p) per share	2,409	2,065
Total paid and payable from revenue	6,982	7,947
Paid from distributable capital reserves:		
Third interim dividend for year ended 30 September 2020 of 0.695p (2019 – nil)	2,411	–
Total	9,393	7,947

The dividend per share information is as follows:

	Rate per share	xd date	Record date	Payment date
First interim dividend	0.695p	2 January 2020	3 January 2020	24 January 2020
Second interim dividend	0.695p	2 April 2020	3 April 2020	24 April 2020
Third interim dividend	0.695p	2 July 2020	3 July 2020	24 July 2020
Fourth interim dividend	0.695p	8 October 2020	9 October 2020	23 October 2020
2019/20	2.78p			
First interim dividend	0.685p	3 January 2019	4 January 2019	25 January 2019
Second interim dividend	0.685p	4 April 2019	5 April 2019	26 April 2019
Third interim dividend	0.685p	4 July 2019	5 July 2019	26 July 2019
Fourth interim dividend	0.695p	11 October 2019	12 October 2019	25 October 2019
2018/19	2.75p			

8. Return and net asset value per share

	2020 £'000	2019 £'000
The returns per share are based on the following figures:		
Revenue return	7,015	7,747
Capital return	(33,298)	13,074
Total	(26,283)	20,821
Weighted average number of Ordinary shares	331,616,651	286,744,223

The net asset value per share is based on net assets attributable to Shareholders of £251,686,000 (2019 – £245,461,000) and on 346,652,987 (2019 – 293,979,045) Ordinary shares in issue at the year end.

9. Investments held at fair value through profit or loss

	2020 £'000	2019 £'000
Listed on recognised stock exchanges:		
United Kingdom	206,598	209,645
Overseas	35,718	31,356
Total investments	242,316	241,001
	2020 £'000	2019 £'000
Opening book cost	180,784	164,249
Opening fair value gains on investments held	60,217	49,494
Opening fair value	241,001	213,743
Purchases	87,855	37,439
Sales – proceeds	(54,330)	(24,281)
– net (losses)/gains on sales	(13,671)	3,377
Movement in fair value during the year	(18,539)	10,723
Closing fair value	242,316	241,001
Closing book cost	200,638	180,784
Closing fair value gains on investments held	41,678	60,217
Closing fair value	242,316	241,001

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

For an analysis of investments see pages 10 and 11. The total transaction costs on purchases was £266,000 (2019 – £169,000) and on sales £18,000 (2019 – £8,000).

	2020 £'000	2019 £'000
(Losses)/gains on investments held at fair value		
Net (losses)/gains on sales	(13,671)	3,377
Movement in fair value in investment holdings	(18,539)	10,723
	(32,210)	14,100

Notes to the Financial Statements (continued)

10. Called-up share capital

	Ordinary shares of 25p each	
	Number	£'000
Allotted, called up and fully paid		
At 30 September 2020	346,652,987	86,663
Held in treasury	859,000	215
	347,511,987	86,878
Allotted, called up and fully paid		
At 30 September 2019	293,979,045	73,495
Held in treasury	—	—
	293,979,045	73,495

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

During the year to 30 September 2019 the Company issued 3,185,000 new Ordinary shares of 25p each for proceeds of £2,631,000.

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

During the year to 30 September 2019 there were 1,190,000 Ordinary shares of 25p each repurchased by the Company (being 0.4% of the Company's issued share capital at the start of the year), at a total cost of £893,000 and placed in treasury.

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

During the year to 30 September 2019 the Company re-issued 8,495,000 Ordinary shares of 25p each from treasury for proceeds totalling £6,699,000.

No shares were purchased for cancellation during the year (2019 – nil) and at the year end 859,000 shares were held in treasury (2019 – nil).

The costs of the operation of the discount control mechanism of £60,000 (2019: £33,000) have been charged against the premium on shares issued.

11. Share premium account

	2020	2019
	£'000	£'000
At 1 October	25,166	23,124
Premium on issue of shares	28,854	2,075
Discount control costs (note 10)	(60)	(33)
At 30 September	53,960	25,166

12. Special reserves

	Distributable Capital Reserve	Special Reserve	Total Special Reserves	Total Special Reserves
	2020	2020	2020	2019
	£'000	£'000	£'000	£'000
At 1 October	5,343	58,054	63,397	57,831
Shares bought back during the year into treasury	–	(620)	(620)	(893)
Dividends	(2,411)	–	(2,411)	–
Shares issued during the year from treasury	–	–	–	6,459
At 30 September	2,932	57,434	60,366	63,397

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

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

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

13. Capital reserve

	2020	2019
	£'000	£'000
Capital reserve – realised		
At 1 October	17,358	15,007
Net (losses)/gains on sales of investments during the year	(13,671)	3,377
Investment management fee	(1,066)	(977)
Currency gains/(losses)	10	(2)
Finance costs of borrowing	(32)	(47)
At 30 September	2,599	17,358
Capital reserve – unrealised		
At 1 October	60,217	49,494
Investment (losses)/gains	(18,539)	10,723
At 30 September	41,678	60,217

14. Revenue reserve

	2020	2019
	£'000	£'000
At 1 October	5,828	5,903
Transfer to/(from) revenue account net of dividends	377	(75)
At 30 September	6,205	5,828

Notes to the Financial Statements (continued)

15. Risk management, financial assets and liabilities

Risk management

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

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

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

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

Financial assets and liabilities

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

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

(i) Market risk

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

Interest rate risk

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

Interest rate movements may affect:

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

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

15. Risk management, financial assets and liabilities (continued)

Interest rate profile

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

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

	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
As at 30 September 2019			
Assets			
Cash	–	–	4,184
Total assets	–	–	4,184

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

Maturity profile

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

	Within 3 months or less 2020 £'000	Within 3 months or less 2019 £'000
Floating rate		
Cash	8,556	4,184

Notes to the Financial Statements (continued)

15. Risk management, financial assets and liabilities (continued)

Interest rate sensitivity

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

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's profit before tax for the year ended 30 September 2020 and net assets would increase/decrease by £43,000 (2019 – increase/decrease by £21,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances. These figures have been calculated based on cash positions at each year end.

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Company's objectives. The risk parameters used will also fluctuate depending on the current market perception.

Foreign currency risk

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

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

	30 September 2020		30 September 2019	
	Overseas	Net	Overseas	Net
	investments	monetary	investments	monetary
	£'000	assets	£'000	assets
	£'000	£'000	£'000	£'000
US Dollar	26,045	–	23,413	–
Swiss Franc	9,673	–	7,944	–
Total	35,718	–	31,357	–

15. Risk management, financial assets and liabilities (continued)

Foreign currency sensitivity

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

Other price risk

Other price risks (i.e. changes in market prices other than those arising from interest rate risk) may affect the value of the quoted investments.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The allocation of assets to specific sectors and the stock selection process both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are all listed on recognised investment exchanges.

Other price sensitivity

If market prices at the year end date had been 10% higher or lower on a Sterling basis while all other variables remained constant, the return attributable to Ordinary Shareholders and equity reserves for the year ended 30 September 2020 would have increased/decreased by £24,232,000 (2019 – increase/decrease of £24,100,000). This is based on the Company's equity portfolio held at each year end.

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of overdraft facilities.

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

(iii) Credit risk

This is failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

The risk is not significant, and is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a monthly basis. In addition, the Administrator carries out a stock reconciliation to the Custodian's records on a monthly basis to ensure discrepancies are picked up on a timely basis; and
- cash is held only with reputable banks and financial institutions with high quality external credit ratings. None of the Company's financial assets is secured by collateral or other credit enhancements.

Notes to the Financial Statements (continued)

15. Risk management, financial assets and liabilities (continued)

Credit risk exposure

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

	2020		2019	
	Statement of Financial Position £'000	Maximum exposure £'000	Statement of Financial Position £'000	Maximum exposure £'000
Current assets				
Accrued income and prepayments	861	825	810	790
Trade and other receivables	474	474	–	–
Cash and short term deposits	8,556	8,556	4,184	4,184
	9,891	9,855	4,994	4,974

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

Fair value of financial assets and liabilities

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

Gearing

The Company has in place arrangements which would enable it to augment finance by obtaining short-term credit facilities.

The Company had no outstanding gearing at the year end. The profile of financing costs is managed as part of overall investment strategy. The employment of gearing magnifies the impact on net assets of both positive and negative changes in the value of the Company's portfolio of investments.

16. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the income and capital return to its equity Shareholders through an appropriate balance of equity capital and debt.

The Company's capital at 30 September comprised:

	2020 £'000	2019 £'000
Called-up share capital	86,878	73,495
Retained earnings and other reserves	164,808	171,966
	251,686	245,461

16. Capital management policies and procedures (continued)

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

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

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

The Company had no gearing at the year end (2019 – nil).

17. Commitments and contingencies

At 30 September 2020 there were no contingent liabilities in respect of outstanding underwriting commitments or uncalled capital (2019 – £nil).

18. Financial instruments measured at Fair Value

	Level 1	Level 2	Level 3	2020 Total	Level 1	Level 2	Level 3	2019 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss								
Investments	242,316	–	–	242,316	241,001	–	–	241,001
Total	242,316	–	–	242,316	241,001	–	–	241,001

Level 1 reflects financial instruments quoted in an active market.

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

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

There were no transfers of investments between levels during the year ended 30 September 2020 (2019 – none).

Notes to the Financial Statements (continued)

19. Notes to the Cash Flow Statement

(a) Reconciliation of operating profit to operating cash flows

	2020	2019
	£'000	£'000
(Loss)/profit before taxation	(26,230)	20,970
Add interest payable	50	73
Adjustments for:		
Losses/(gains) on investments	32,210	(14,100)
Currency (gains)/losses	(10)	2
Increase in accrued income and prepayments	(71)	(168)
Decrease in trade and other payables	(18)	(2)
	5,931	6,775

(b) Analysis of changes in net funds

	30 September 2019	Cash flow	Exchange movements	30 September 2020
	£'000	£'000	£'000	£'000
Cash at bank	4,184	4,362	10	8,556

20. Related party transactions

The following are considered to be related parties:

- The Directors of the Company.

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

Details of the remuneration of all of the Directors can be found on pages 30 and 31.

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

In accordance with the AIFMD, information in relation to the Company's leverage and the remuneration of the Company's AIFM, PATAC, is required to be made available to investors. In accordance with the Directive, the AIFM's remuneration policy and the numerical remuneration disclosures in respect of the AIFM's relevant reporting period (year ending 30 April 2020) are available from PATAC on request.

The Company's maximum and actual leverage levels at 30 September 2020 are shown below:

	Gross Method	Commitment Method
Maximum limit	200%	200%
Actual	96%	100%

The Company's investor disclosure document was updated in the year to 30 September 2020 to reflect PATAC's change of registered address and has been updated subsequent to the year end to reflect the Company's change of registered address. The revised investor disclosure document and all additional periodic disclosures required in accordance with the requirements of the FCA Rules implementing the AIFMD in the UK are made available on the Company's website (www.tigt.co.uk).

Alternative Performance Measures

NAV Total Return

The increase/(decrease) in net asset value per share plus the dividends paid in the period, which are assumed to be reinvested at the time that the share price is quoted ex-dividend.

	2020	2019
Opening NAV per share	83.50p	79.04p
(Decrease)/increase in NAV per share	(10.90)p	4.46p
Closing NAV per share	72.60p	83.50p
% (decrease)/increase in NAV	(13.1)%	5.6%
Impact of reinvested dividends	4.0%	4.1%
NAV total return	(9.1)%	9.7%

Share Price Total Return

The increase/(decrease) in share price plus the dividends paid in the period, which are assumed to be reinvested at the time that the share price is quoted ex-dividend.

	2020	2019
Opening share price	84.40p	78.30p
(Decrease)/increase in share price	(12.40)p	6.10p
Closing NAV share price	72.00p	84.40p
% (decrease)/increase in share price	(14.7)%	7.8%
Impact of reinvested dividends	3.1%	3.9%
Share price total return	(11.6)%	11.7%

Premium/(Discount)

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

		2020	2019
NAV per share	a	72.60p	83.50p
Share price	b	72.00p	84.40p
(Discount)/Premium	c $c=(b-a)/a$	(0.8)%	1.1%

Ongoing Charges

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

	2020	2019
	£'000	£'000
Management fee	1,640	1,503
Other operating expenses	554	500
Discount control costs	60	33
Total operating costs	2,254	2,036
Average net assets	252,331	223,194
Ongoing charges ratio	0.89%	0.91%

Dividend Yield

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

		2020	2019
Dividend per share	a	2.78p	2.75p
Share price	b	72.00p	84.40p
Dividend yield	c $c=a/b$	3.9%	3.3%

Glossary of Terms and Definitions

Benchmark

A market index which averages the performance of companies in any given sector, giving a good indication of any rises or falls in the market. The benchmark used in these Financial Statements is the FTSE All-Share Index, a recognised and respected index, which measures the performance of approximately 613 of the largest quoted UK companies, comprising 98% of the UK's market capitalisation.

Convertibles

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

Discount

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

Gearing

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

Gross Assets

Gross assets is the value of investments plus cash.

Leverage

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

Net Asset Value (NAV)

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

Ongoing Charges

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

Premium

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

Total Assets

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

Total Return

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

Ten Year Record

Ten Year Financial Record

Year to 30 September	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue available for ordinary dividends (£'000)	2,220	3,245	5,194	5,308	6,039	6,962	8,325	7,851	7,747	7,015
Per share										
Net revenue return (p)	1.95	2.16	2.21	2.25	2.42	2.59	2.90	2.73	2.70	2.11
Net dividends paid/proposed (p)	1.92	2.03	2.13	2.23	2.33	2.43	2.56	2.67	2.75	2.78
Total return (p)	3.63	7.04	6.66	6.00	6.94	9.96	4.77	3.02	7.26	(7.93)
As at 30 September										
Net asset value per share (p)	50.00	55.18	60.22	64.05	68.87	76.41	78.64	79.04	83.50	72.60
Shareholders' funds (£m)	63.23	124.53	145.78	153.39	178.25	215.46	228.69	224.06	245.46	251.69

Cumulative Performance

(% of 30 September 2010 value)

As at 30 September	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NAV capital return	100	104.0	115.6	125.3	133.3	143.4	159.2	163.1	164.4	173.9	152.5
Share price capital return	100	103.9	117.3	126.7	134.6	145.3	161.3	162.3	164.0	176.8	150.8
FTSE All-Share Index capital return	100	92.6	104.6	120.1	123.2	116.3	131.0	141.2	144.0	141.6	114.5
NAV total return†	100	107.8	125.5	140.1	154.3	171.8	197.2	208.8	217.7	238.7	217.1
Share price total return†	100	107.8	127.2	141.4	155.5	173.7	199.3	207.2	216.6	242.0	214.0
FTSE All-Share Index total return†	100	95.6	112.1	133.4	141.5	138.2	161.5	180.8	191.4	196.5	163.9

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the thirty-second Annual General Meeting of the Members of Troy Income & Growth Trust plc (the 'Company') will be held at the offices of PATAC Limited, 28 Walker Street, Edinburgh EH3 7HR on 28 January 2021 at 12.30 pm to transact the following business:

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

1. To receive and adopt the reports of the Directors and auditor and the audited financial statements for the year to 30 September 2020.
2. To approve the Directors' Remuneration Report for the year to 30 September 2020.
3. To approve the dividend policy of the Company as set out in the Annual Report.
4. To re-elect Mr D. Warnock as a Director of the Company.
5. To re-elect Ms J. Brown as a Director of the Company.
6. To re-elect Mr R. White as a Director of the Company.
7. To re-elect Mr D. Garman as a Director of the Company.
8. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company.
9. To authorise the Directors to determine the remuneration of the auditors of the Company.
10. That, in substitution for any pre-existing power to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company ("relevant securities") up to an aggregate nominal amount of £28,937,000, such authority to expire on 31 March 2022 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority, and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.

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

11. That, subject to the passing of resolution 10 in the notice convening the meeting at which this resolution is to be proposed (the "notice of meeting") and in substitution for all existing powers, the Directors be and are hereby generally empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 (1) of the Act) for cash pursuant to the authority under section 551 of the Act conferred by resolution 10 in the notice of meeting as if section 561 of the Act did not apply to any such allotment, provided that this power:
 - (i) expires on 31 March 2022 or, if earlier, at the conclusion of the next Annual General Meeting of the Company, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if that power had not expired; and
 - (ii) shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £8,681,000.

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

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

- (i) expires on 31 March 2022 or, if earlier, at the conclusion of the next Annual General Meeting of the Company, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if that power had not expired; and
- (ii) shall be limited to the allotment of equity securities for cash in connection with the Company’s discount control mechanism up to an aggregate nominal amount of £8,681,000.

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

13. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be generally and unconditionally authorised, in accordance with section 701 of the Companies Act 2006 (the ‘Act’), to make market purchases (within the meaning of section 693(4) of the Act) of fully paid Ordinary shares of 25p each in the capital of the Company (“shares”) provided that:

- (i) the maximum aggregate number of shares hereby authorised to be purchased is 52,053,222 or, if less, the number representing 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution (excluding treasury shares);
- (ii) the minimum price which may be paid for a share shall be 25p (exclusive of expenses);
- (iii) the maximum price (exclusive of expenses) which may be paid for a share shall be an amount being not more than the higher of (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to a share on the trading venue where the purchase is carried out; and
- (iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 31 March 2022 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

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

By Order of the Board

PATAC Limited

Secretary

Registered Office

28 Walker Street Edinburgh EH3 7HR

23 November 2020

Notice of Annual General Meeting (continued)

NOTES

- (i) Given the risks posed by the spread of COVID-19 and in accordance with the provisions of the Articles of Association and Government guidance, attendance at the Meeting may not be possible. The Company may impose entry restrictions in order to secure the orderly and proper conduct of the Meeting and the safety of those attending the Meeting. Shareholders are encouraged to vote by proxy and to submit any questions in advance (by email to the Company Secretary at cosec@patplc.co.uk).
- (ii) A member is entitled to appoint a proxy or proxies to exercise all or any of his or her rights to attend, speak and vote on his or her behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. If a member wishes to appoint more than one proxy, he or she should contact the Company's Registrars on 0371 384 2501. The lines are open 9.00 am to 5.00 pm Monday to Friday, excluding English public holidays. The Equiniti overseas helpline number is +44 121 415 7047.
- (iii) A form of proxy for use by members is enclosed with this Annual Report. Completion and return of the form of proxy will not prevent any member from attending the Meeting and voting in person. To be valid, the form of proxy should be lodged, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, at the address stated thereon, so as to be received not less than 48 hours (excluding non-working days) before the time of the Meeting.
- (iv) Members may register the appointment of a proxy or voting instruction for the meeting by logging onto www.sharevote.co.uk and using the series of numbers made up of the Voting ID, Task ID and Shareholder Reference Number printed on the form of proxy. Full details of the procedure are given on the website. The proxy appointment and/or voting instructions must be received by Equiniti not less than 48 hours (excluding non-working days) before the time of the Meeting. Please note that any electronic communication sent to the Registrar that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the AGM is governed by Equiniti's conditions of use set out on the website, www.sharevote.co.uk and may be read by logging onto the site.
- (v) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the Meeting a member must first have his or her name entered in the Company's register of members at 6.30pm on 26 January 2021 (or, in the event that the Meeting is adjourned, at 6.30pm on the day which is two business days before the time of the adjourned meeting). Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the Meeting.
- (vi) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the website www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (vii) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID RA 19) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (viii) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (ix) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (x) The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ('nominated persons'). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes (ii) and (iii) above do not apply to Nominated Persons. The rights described in these notes can be exercised only by members of the Company.

- (xi) No Director has a service contract with the Company but copies of Directors' letters of appointment will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) from the date of this notice and at the location of the Meeting for at least 15 minutes prior to the Meeting and during the Meeting.
- (xii) As at close of business on 23 November 2020 (being the latest practicable date prior to publication of this document), the Company's issued share capital (excluding treasury shares) comprised 347,252,987 Ordinary shares of 25p each. The total number of voting rights in the Company as at 23 November 2020 is 347,252,987.
- (xiii) Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy will need to ensure that both he or she and such third party complies with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.
- (xiv) Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
- (xv) The members of the Company may require the Company to publish, on its website, a statement setting out any matter relating to the audit of the Company's Annual Report, including the Auditor's Report and the conduct of the audit, which they intend to raise at the next Meeting of the Company. The Company will be required to do so once it has received such requests from either: (a) members representing at least 5% of the total voting rights of the Company, or (b) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state the member's full name and address, and be sent to: the Company Secretary, Troy Income & Growth Trust plc, 28 Walker Street, Edinburgh EH3 7HR.
- (xvi) Members meeting the threshold requirements set out in the Companies Act 2006 have the right: (a) to require the Company to give notice of any resolution which can properly be, and is to be, moved at the Meeting pursuant to section 338 of the Companies Act 2006; and/or (b) to include a matter in the business to be dealt with at the Meeting, pursuant to section 338A of the Companies Act 2006.
- (xvii) Information regarding the Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's website, www.tigt.co.uk.
- (xviii) Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the Meeting put by a member attending the Meeting unless:
 - (a) answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information;
 - (b) the answer has already been given on a website in the form of an answer to a question; or
 - (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
- (xix) Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of Annual General Meeting or in any related documents (including the form of proxy) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.
- (xx) There are special arrangements for holders of shares through the Equiniti Investment Account and Equiniti Shareview Dealing ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report.

Corporate Information

Manager

Troy Asset Management Limited
33 Davies Street
London W1K 4BP
www.taml.co.uk

Secretary

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

Registered Office

28 Walker Street
Edinburgh EH3 7HR

Alternative Investment Fund Manager

PATAC Limited

Independent Auditors

PricewaterhouseCoopers LLP

Solicitors

Dickson Minto W.S.

Bankers & Custodian

J.P. Morgan Chase Bank N.A.

Depository

J.P. Morgan Europe Ltd.

Stockbrokers

Numis Securities Ltd.

Share Price and Net Asset Value

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

Financial Times
The Times
The Daily Telegraph

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

Company Registration Number

111955 (Scotland)

Data Protection

The Company is committed to ensuring the privacy of any personal data provided to it. Details of the privacy policy can be found on the Company's website at www.tigt.co.uk

Regulatory Status

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

Registrars and Transfer Office

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

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone 0371 384 2501
Overseas Helpline +44 121 415 7047
Lines are open 9.00 am to 5.00 pm Monday to Friday, excluding English public holidays.
Changes of name or address must be notified in writing to the Registrars at the above address.

Shareview Website

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

Shares held in Nominee Names

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

SIPPS and ISAs

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

AIC

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

Website

www.tigt.co.uk

