



FINSBURY  
GROWTH &  
INCOME TRUST PLC

# FINSBURY GROWTH & INCOME TRUST PLC

Notice of the 2021  
Annual General Meeting

LINDSELL TRAIN

Frostrow  
CAPITAL

## **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to what action you should take, you should consult your stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000, if you are resident in the UK, or, if not, from another appropriately independent professional adviser in your own jurisdiction.

If you have sold, transferred or otherwise disposed of all your shares in the Company please pass this circular and the accompanying Form of Proxy to the stockbroker, bank or other agent through whom you made the sale, transfer or disposal for transmission to the purchaser or transferee, except that such documents should not be sent to any jurisdiction under any circumstances where to do so might constitute a violation of local securities laws and regulations. If you have sold or transferred or otherwise disposed of only part of your holding of shares in the Company, you should retain this circular and the accompanying Form of Proxy and consult the stockbroker, bank or other agent through whom you made the sale, transfer or disposal.

# LETTER FROM THE CHAIRMAN

Dear Shareholder,

## NOTICE OF ANNUAL GENERAL MEETING

I am writing to you with details of our forthcoming Annual General Meeting ("AGM"). The health and welfare of our Shareholders, service providers and wider stakeholders is our primary concern, and in light of COVID-19 and the UK Government restrictions which continue to be in place in relation to gatherings and social distancing, we feel it is neither practical nor sensible to hold a physical meeting. Therefore, for the first time we are holding the meeting in a fully virtual fashion with only online participation. The AGM will be held at **12 noon on Wednesday, 17 February 2021**.

The formal notice of the AGM is set out on pages 2 to 4 of this document (the "Notice of AGM") and the arrangements for how to access the meeting, is set out on page 7 of this document. As voting at the meeting will not be possible, the Board strongly encourages all Shareholders to exercise their votes in advance, or by proxy to the Chairman if preferred, to ensure your vote is counted. The Directors consider that all the resolutions detailed in the formal notice are in the best interests of the Company and Shareholders taken as a whole and therefore unanimously recommend to Shareholders that they vote in favour of each resolution, as the Directors intend to do in respect of their own holdings. Shareholders can vote online by visiting [www.signalshares.com](http://www.signalshares.com) and following the instructions. If you require assistance with this or a hard copy form of proxy please contact our registrar, Link Group, whose contact details are set out on page 83 of the Annual Report and Financial Statements for the year ended 30 September 2020 (the "Annual Report").

As indicated in my Statement within the Annual Report, we appreciate that this is a different approach and may be difficult for some, however, we also think it may be easier for others. The Corporate Insolvency and Governance Act 2020 provides temporary provisions for companies to use alternative methods to fulfil statutory requirements in relation to the holding of general meetings, of which we have decided to take advantage of. We feel this is the best and safest option available to us in the current circumstances and is a better alternative to a closed door AGM.

We, as a Board, do believe it is important to encourage open interaction with Shareholders and believe engagement with Shareholders is paramount to the essence of the Company. We will therefore endeavour to facilitate Shareholder engagement in this 'virtual' AGM. We are both inviting questions ahead of the meeting and also providing the ability to ask questions of the Board and the Portfolio Manager directly on the business of the meeting and the presentation by electronic means.

If you would like to submit a question ahead of the meeting you may do so by sending an e-mail to [info@frostrrow.com](mailto:info@frostrrow.com) subject marked 'FGT AGM Question'. Where possible we will address your questions during the meeting and, should we run out of time, we will endeavour to respond to questions shortly after the meeting via the Company's website.

We hope that you can attend this virtual AGM. Our Portfolio Manager Nick Train will give a presentation as usual on the year under review and will share his outlook for the Company.

Yours faithfully

**Anthony Townsend**

Chairman

Finsbury Growth & Income Trust PLC

*Registered Office:*

50 Lothian Road

Festival Square

Edinburgh

EH3 9WJ

16 December 2020

# NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Finsbury Growth & Income Trust PLC will be held virtually on Wednesday, 17 February 2021 at 12 noon, for the following purposes:

## ORDINARY BUSINESS

1. To receive the Annual Report and Financial Statements for the year ended 30 September 2020.
2. To re-elect Kate Cornish-Bowden as a Director of the Company.
3. To re-elect Simon Hayes as a Director of the Company.
4. To re-elect Sandra Kelly as a Director of the Company.
5. To re-elect Lorna Tilbian as a Director of the Company.
6. To elect James Ashton as a Director of the Company.
7. To receive and approve the Directors' Remuneration Report for the year ended 30 September 2020.
8. To re-appoint PricewaterhouseCoopers LLP as Auditor to the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which financial statements are laid before the Company.
9. To authorise the Audit Committee to determine the remuneration of the Auditor of the Company.
10. To receive and approve the Company's Dividend Policy, as set out in the Annual Report.

## SPECIAL BUSINESS

To consider, and if thought fit, pass the following resolutions of which resolutions 12, 13, 14 and 15 are proposed as special resolutions:

### Authority to Allot Shares

11. THAT in addition to any subsisting authorities the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to a maximum aggregate nominal amount of £5,556,657 being 10% of the issued share capital at 15 December 2020 and representing 22,226,630 ordinary shares of 25 pence each in the Company ("Ordinary Shares") (or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed) provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2022 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

### Disapplication of Pre-emption Rights

12. THAT in addition to any subsisting authorities (but in addition to any power conferred on them by resolution 11 set out in the notice convening the Annual General Meeting at which this resolution is proposed ("Notice of Annual General Meeting")) the Directors be and are hereby generally empowered pursuant to Section 570 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred on them by resolution 11 set out in the Notice of Annual General Meeting or otherwise as if Section 561(1) of the Act did not apply to any such allotment:
  - (a) pursuant to an offer of equity securities open for acceptance for a period fixed by the Directors where the equity securities respectively attributable to the interests of holders of Ordinary Shares are proportionate (as nearly as may

be) to the respective numbers of Ordinary Shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary, appropriate or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and

- (b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal value of £5,556,657, being 10% of the issued share capital of the Company as at 15 December 2020 and representing 22,226,630 Ordinary Shares or, if changed, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is passed,

and provided further that (i) the number of equity securities to which this power applies shall be reduced from time to time by the number of treasury shares which are sold pursuant to any power conferred on the Directors by resolution 13 set out in the Notice of Annual General Meeting and (ii) no allotment of equity securities shall be made under this power which would result in Shares being issued at a price which is less than the higher of the Company's estimated cum or ex income net asset value per Share as at the latest practicable time before such allotment of equity securities as determined by the Directors in their reasonable discretion, and such power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might otherwise require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.

## Treasury Shares

13. THAT in substitution of all existing powers (but in addition to any power conferred on them by resolution 12 set out in the Notice of Annual General Meeting) the Directors be and are hereby generally empowered pursuant to Section 570 of the Act to sell relevant shares (within the meaning of Section 560 of the Act) if, immediately before the sale, such shares are held by the Company as treasury shares (as defined in Section 724 of the Act ("Treasury Shares")), for cash as if Section 561(1) of the Act did not apply to any such sale provided that:

- (a) where any Treasury Shares are sold pursuant to this power at a discount to the then prevailing net asset value of Ordinary Shares of 25p each in the Company ("Ordinary Shares"), such discount must be (i) lower than the discount to the net asset value per Ordinary Share at which the Company acquired the Shares which it then holds in treasury and (ii) not greater than 5% to the prevailing net asset value per Ordinary Share at the latest practicable time before such sale (and for this purpose the Directors shall be entitled to determine in their reasonable discretion the discount to the net asset value at which such Ordinary Shares were acquired by the Company and the net asset value per Ordinary Share at the latest practicable time before such Ordinary Shares are sold pursuant to this power); and
- (b) this power shall be limited to the sale of relevant shares having an aggregate nominal value of £5,556,657, being 10% of the issued share capital of the Company as at 15 December 2020 and representing 22,226,630 Ordinary Shares or, if changed, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is passed, and provided further that the number of relevant shares to which power applies shall be reduced from time to time by the number of Ordinary Shares which are allotted for cash as if Section 561(1) of the Act did not apply pursuant to the power conferred on the Directors by resolution 12 set out in the Notice of Annual General Meeting,

and such power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might otherwise require treasury shares to be sold after such expiry and the Directors may sell Treasury Shares pursuant to such offer or agreement as if the power conferred hereby had not expired.

# NOTICE OF THE ANNUAL GENERAL MEETING

## Authority to Repurchase Shares

14. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make one or more market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares (either for retention as Treasury Shares for future reissue, resale, transfer or cancellation) provided that:

- (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is 33,317,718 or, if changed, the number representing 14.99% of the issued share capital of the Company at the date of the meeting at which this resolution is passed;
- (ii) the minimum price (exclusive of expenses) which may be paid for a Ordinary Share is 25 pence;
- (iii) the maximum price (exclusive of expenses) which may be paid for a Ordinary Share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for an Ordinary Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Ordinary Share is purchased and (ii) the higher of the last independent trade in shares and the highest then current independent bid for shares on the London Stock Exchange as stipulated in Article 5(1) of Regulation No. 2233/2003 of the European Commission (Commission Regulation of 22 December 2003 implementing the Market Abuse Directive as regards exemption for buyback programmes and stabilisation of financial instruments Buyback and Stabilisation Regulation (Commission Delegated Regulation (EU) 2016/1052));
- (iv) this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2022 or, if earlier, on the expiry of 15 months from the date of the passing of this resolution unless such authority is renewed prior to such time; and
- (v) the Company may make a contract to purchase Shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of Shares in pursuance of any such contract.

## General Meetings

15. THAT any General Meeting of the Company (other than the Annual General Meeting of the Company) shall be called by notice of at least 14 clear days provided that the authority shall expire on the conclusion of the next Annual General Meeting of the Company, or, if earlier, on the expiry 15 months from the date of the passing of this resolution.

## Investment Policy

16. THAT the Company adopts the amended investment policy as set out in the Annual Report.

By order of the Board

**Frostrow Capital LLP**  
Company Secretary  
16 December 2020

*Registered office:*  
50 Lothian Road  
Festival Square  
Edinburgh  
EH3 9WJ

## NOTES

1. Subject to paragraph 8, members are entitled to appoint a proxy to exercise all or any of their rights to attend virtually and to speak on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. As the meeting is being held virtually there is no place of meeting and you cannot attend the AGM in person.
2. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, a proxy may vote or abstain from voting at his/her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
3. A proxy appointment should be completed so that it is received by the Company's registrars by no later than 12 noon on Monday, 15 February 2021. To do this please complete and submit your proxy vote online via the share portal of our Registrar, Link Group, at [www.signalshares.com](http://www.signalshares.com). You will need to log into your Finsbury Growth & Income Trust Signal Shares account or register if you have not previously done so. To register you will need your Investor Code; this is detailed on your share certificate or is available from our Registrar, Link Group. If you would prefer to receive a paper proxy form, please contact our Registrar, by email at [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk) or on +44 (0) 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.
4. In the case of a member which is a company, the instrument appointing a proxy must be executed under its seal or signed on its behalf by a duly authorised officer or attorney or other person authorised to sign. Any power of attorney or other authority under which the instrument is signed (or a certified copy of it) must be included with the instrument.
5. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described below) will not prevent a shareholder attending the meeting virtually if he/she wishes to do so.
6. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of Shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by Shareholders of the Company.
8. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only Shareholders registered on the register of members of the Company (the "Register of Members") by close of business on Monday, 15 February 2021 (or, in the event of any adjournment, by close of business on the date which is two days before the time of the adjourned meeting) will be entitled to attend virtually or be represented at the meeting in respect of shares registered in their name at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend virtually at the meeting.
9. As at 15 December 2020 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 222,266,303 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 15 December 2020 are 222,266,303. No ordinary shares are held in treasury.
10. 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. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.
11. 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 the specifications of Euroclear UK and Ireland Limited ("CRESTCo"), 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 issuer's agent (ID RA10) no later than 48 hours before the time appointed for holding the meeting. 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 issuer's agent 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.

# NOTICE OF THE ANNUAL GENERAL MEETING

12. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that CRESTCo 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, to procure that his 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.
13. 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.
14. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Register of Members in respect of the joint holding (the first named being the most senior).
15. Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
16. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
17. In order to revoke a proxy instruction, members will need to inform the Company. Members should send a signed hard copy notice clearly stating their intention to revoke a proxy appointment to Link Group, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by 12 noon on Monday, 15 February 2021.
18. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of attorney) must be included with the revocation notice. If a member attempts to revoke its proxy appointment but the revocation is received after the time for receipt of proxy appointments (see above) then, subject to paragraph 4, the proxy appointment will remain valid.

If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

# JOINING THE COMPANY'S ANNUAL GENERAL MEETING

In light of COVID-19, as indicated within the 2020 Annual Report, the AGM of the Company this year will be a fully virtual event. Shareholders are invited to join and participate in the meeting electronically by webcast.

## Webcast

The online meeting will feature presentations from the Chairman and Portfolio Manager. Once logged in, following the commencement of the meeting, participants will be in listen only mode and will not be visible to each other, or the presenters. On screen, participants will be able to see the presenters and the portfolio update slides. Following the formal presentation there will be an opportunity to submit questions in a written format.

**To register in advance for this AGM webcast please visit the below page on the Company's website:**

**[www.finsburygt.com/agm](http://www.finsburygt.com/agm)**

After registering, you will receive a confirmation email.

The Company will be unable to provide any assistance to Shareholders who may have difficulty maintaining their internet connection throughout the meeting.

# EXPLANATORY NOTES TO THE RESOLUTIONS

## Resolution 1 – To receive the Annual Report and Financial Statements

The first item of business is for the Annual Report and Financial Statements for the year ended 30 September 2020 to be presented to the AGM. As announced, the Annual Report has been available on the Company's website since 16 December 2020 and was posted to Shareholders on or around 5 January 2021.

## Resolutions 2 to 6 – Re-election/Election of Directors

Resolutions 2 to 6 deal with the re-election/election of each Director. Biographies of each of the Directors can be found on pages 30 and 31 of the Annual Report.

The Board has confirmed, following a performance review, that the Directors standing for election and re-election continue to perform effectively.

The specific reasons why (in the Board's opinion) each Director's contribution is, and continues to be, important to the Company's long-term sustainable success are as follows:

### Directors standing for re-election

#### Kate Cornish-Bowden

Ms Cornish-Bowden provides insight from her career in investment management; initially at M&G as a research analyst, and as a fund manager at Morgan Stanley where she was managing director and Head of the Global Equity team. Kate also brings to the Board experience as a non-executive of other companies in the investment trust sector.

#### Simon Hayes

Mr Hayes is the Chairman of Peel Hunt LLP and has extensive financial expertise with a strong interest in the investment trust sector. The Board and Portfolio Manager value his insight and contribution to discussions at meetings. The Board welcome both this continued contribution from Simon and his service as the new Senior Independent Director and future Chairman of the Board.

#### Sandra Kelly

Ms Kelly, a qualified Chartered Accountant, has recent and relevant financial expertise with a strong background in accountancy. She is the Chair of the Audit Committee and actively works with the Auditors and Frostrow to ensure a smooth year-end process and audit.

#### Lorna Tibbian

Ms Tibbian has had a successful career in broking and she was a main board executive director of Numis. She holds a number of other non-executive positions and brings to the Board current and active knowledge of the industry. As the Board has evolved Lorna provides insightful analysis with respect to the portfolio holdings.

### Director standing for election

#### James Ashton

Mr Ashton is a financial journalist. During his time at the Evening Standard and Sunday Times he gained significant City and market knowledge which the Board believe will contribute towards the success of the Company.

## Resolution 7 – Directors Remuneration Report

The Directors' Remuneration Report is set out in full on pages 47 to 50 of the Annual Report.

## Resolutions 8 to 9 – Re-appointment of auditors

Resolution 8 relates to the re-appointment of PricewaterhouseCoopers LLP as the Company's independent auditor to hold office until the next Annual General Meeting of the Company and Resolution 9 authorises the Audit Committee to set their remuneration. Following the implementation of the Competition and Markets Authority order on Statutory Audit Services only the Audit Committee may negotiate and agree the terms of the auditors' service agreement.

## Resolution 10 – Dividend Policy

The Dividend Policy is set out in full on page 14 of the Annual Report dated 16 December 2020.

## Resolutions 11 to 13

Ordinary Resolution 11 will renew the authority to allot up to an aggregate nominal amount of £5,556,657 (equivalent to 22,226,630 shares, or 10% of the Company's existing issued share capital on 15 December 2020, being the nearest practicable date prior to the signing of this Report) (or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of the passing of the resolution, whichever is earlier. This means that the authority will have to be renewed at the next Annual General Meeting.

When shares are to be allotted for cash, Section 551 of the Companies Act 2006 (the "Act") provides that existing Shareholders have pre-emption rights and that the new shares must be offered first to such Shareholders in proportion to their existing holding of shares. However, Shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing Shareholders. Special Resolution 11

will, if passed, give the Directors power to allot for cash equity securities up to 10% of the Company's existing share capital on 15 December 2020 (or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed), (reduced by any treasury shares sold by the Company pursuant to Resolution 13, as described below), as if Section 551 of the Act does not apply. This is the same nominal amount of share capital which the Directors are seeking the authority to allot pursuant to Resolution 11. This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

Under Section 724 of the Companies Act 2006 ("s724") the Company is permitted to buy back and hold shares in treasury and then sell them at a later date for cash, rather than cancelling them. It is a requirement of s724 that such sale be on a pre-emptive, pro rata, basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued share capital on a non pre-emptive basis pursuant to Resolution 12, Special Resolution 13, if passed, will give the Directors authority to sell shares held in treasury on a non pre-emptive basis. The benefit of the ability to hold treasury shares is that such shares may be resold. This should give the Company greater flexibility in managing its share capital, and improve liquidity in its shares. Any re-sale of treasury shares would only take place at a narrower discount to the ex-income net asset value per share than that at which they had been bought into treasury, and in any event at a discount no greater than 5% to the net asset value per share, and this is reflected in the text of Resolution 13. It is also the intention of the Board that sales from treasury would only take place when the Board believes that to do so would assist in the provision of liquidity to the market. The number of treasury shares which may be sold pursuant to this authority is limited to 10% of the Company's existing share capital on 15 December 2020 (or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed) (reduced by any equity securities allotted for cash on a non-pro rata basis pursuant to Resolution 12, as described above). This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier.

The Directors intend to use the authority given by Resolutions 11 and 12 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

#### **Resolution 14**

The Directors wish to renew the authority given by shareholders at the previous Annual General Meeting to make market purchases of its own shares. The principal aim of a share buy-back facility is to enhance shareholder value by acquiring shares at a discount to net asset value, as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to net asset value per share, should result in an increase in the net asset value per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the net asset value per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the Annual General Meeting.

Under the current Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 25p per share. Shares which are purchased under this authority will either be cancelled or held as treasury shares.

Special Resolution 14 in the Notice of Annual General Meeting will renew the authority to purchase in the market a maximum of 14.99% of shares in issue on 15 December 2020, being the nearest practicable date prior to the signing of this Report, (amounting to 33,317,718 shares) (or, if changed, the number representing 14.99% of the issued share capital of the Company at the date at which this resolution is passed). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the resolution, whichever is earlier. This means in effect that the authority will have to be renewed at the next Annual General Meeting or earlier if the authority has been exhausted.

#### **Resolution 15 – General Meetings**

Special Resolution 16 seeks shareholder approval for the Company to hold General Meetings (other than the Annual General Meeting) at 14 clear days' notice.

The Company will only use this shorter notice period where it is merited by the purpose of the meeting and will endeavour to give at least 14 working days' notice if possible, in line with the recommendations of the UK Corporate Governance code.

#### **Resolution 16 – Proposed amendment to the Company's Investment Policy**

The proposed changes to the investment policy are set out in full on page 84 and addressed in the Chairman's statement on page 4 of the Annual Report dated 16 December 2020.

#### **Recommendation**

The Board considers that the resolutions relating to the above items are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to the shareholders that they vote in favour of the above resolutions to be proposed at the Forthcoming Annual General Meeting as Directors intend to do in respect of their own beneficial holdings totalling 287,054 shares.

