RNS Number : 6760J
STS Global Income & Growth Trust
22 May 2025

STS Global Income & Growth Trust plc
LEI: 549300UZ1Y7PPQYJGE19

Results for the year ended 31 March 2025

The Board of STS Global Income & Growth Trust plc (the 'Company') is pleased to announce the Company's results for the year ended 31 March 2025.

Highlights

- The Company's share price returned 10.9% over the year, ahead of the return from the Lipper Global - Equity Global Income Index of 4.5%. The net asset value total return was also 10.9%.

- The Company pays quarterly dividends to provide investors with a regular income. The Board has announced a fourth quarterly dividend of 3.61p per ordinary share which will be paid on 4 July 2025 to shareholders on the register on 6 June 2025. The total dividend for the year will be 8.37p per share, an increase of 28% from the prior year and 47% since the dividend was rebased in 2021. The Board is pleased to announce this significant increase in the dividend, ensuring the Company's yield is competitive while remaining sustainable, preserving full investment flexibility for the Managers.

- In the last 12 months the Company has been able to increase the quality and underlying growth of the portfolio by investing in a number of excellent businesses at attractive valuations.

Chairman's Statement

I am pleased to report that shareholder returns for the year to 31 March 2025 were not only positive but also ahead of both our benchmark and the peer group - a strong result in a challenging and fast-evolving global environment.

Delivering value to our shareholders remains the Board's central focus. This year, I would like to highlight two actions that reflect our ongoing commitment to this.

The Company bought back 19.4 million shares during the year at a total cost of £43.9 million and at an average discount of 1.4%, with a net benefit of £564,000 to shareholders after costs. The buyback amounts to 13.8% of the shares in issue on 31 March 2024. By any standards this is a significant purchase and the share price discount to NAV was 1.7% at the start and end of the year.

This purchase represented a significant use of shareholders' capital and provided liquidity and value to the minority of shareholders who chose to sell shares. The Board is minded to enhance the benefits for the majority of shareholders who choose to remain invested.

Dividend and dividend policy

The Board has carefully considered both the dividend payment for the year and the future dividend policy.

A fourth quarterly dividend of 3.61p per share has been declared. This will bring the total dividend for the year to 8.37p, an increase of 28.0% over the previous year. The 8.37p dividend represents a yield of 3.5% on the closing share price as at 31 March 2025.

In setting the dividend the Board believes it has achieved the following:

- The dividend yield of the Company will be in line with the yield of competing investment companies.
- It is set at a sustainable level.
- It is at a level from which it can rise reflecting growth in portfolio earnings.
- It makes appropriate use of distributable reserves.

- It does not impinge on the investment flexibility of the Managers.

Quarterly dividends in the current year will be increased in order that shareholders receive the higher dividend payment level at the earliest opportunity. It is intended that the first quarterly dividend for the 2026 year will be at least 2.00p.

Investment Returns

The Company delivered a total return of 10.9% over the year, comfortably ahead of the Lipper Global - Equity Global Income Index, which returned 4.5%. This strong relative performance reflects the impact of the portfolio's positioning as market drivers began to broaden beyond the narrow group of large US technology stocks that led returns in prior years.

Following an initially positive reaction to the election of President Trump, US equity markets retreated as greater consideration was given to the likely economic impacts of the tariff policies being proposed by the new Administration.

Since your Company's year-end equity markets throughout the world have shown a significant rise in volatility. The negotiating tactics employed to agree tariff levels are short term noise but the eventual outcome is likely to be higher tariff levels on trade than have been seen in a century. The economic impacts of tariffs are negative and lower economic growth will be one effect. Bond and equity markets across the globe are taking time to adjust to the new norm. However, your Company's portfolio has been relatively well placed against the recent market background.

Board Composition

I will retire as Chair and as a director of the Company at the forthcoming AGM on 23 June 2025. I joined the Board in 2016 and have now completed nine years as a director.

Sarah Harvey will take over the role of Chair, having been appointed a director in 2018. Sarah has a wealth of corporate experience and will bring a fresh perspective to the role. Alexandra Innes will assume the role of Senior Independent Director and Bridget Guerin will take over from Sarah as Chair of the Marketing and Communications Committee.

Due to a combination of factors, and in particular the merger with Troy Income & Growth Trust in 2024, STS will have an all-female Board after my departure. Though this will leave the Board in compliance with the FCA Listing Rules and the FTSE Women Leaders Review, we would like to have better gender diversity, and this issue will be addressed in the coming years.

At the same time, our Board's culture is firmly rooted in delivering shareholder value. The Board believes that the significant buyback programme, the proposed dividend, and the strong investment performance this year are all aligned with that goal.

In a year when several investment trusts have come under pressure due to the perception that they have failed to deliver value for shareholders, our actions stand in contrast and demonstrate clear accountability to shareholders.

Sarah and I are always happy to engage with shareholders who would like to discuss any aspect of the Board's composition or strategy in more detail.

Outlook

Equity and bond markets are currently trying to adjust to a more uncertain economic outlook.

Your Managers are seeing many opportunities to invest in their chosen companies at valuation levels not seen for many years. They are committing capital at these levels with their usual long term holding period in mind. Sharp movements in markets offer opportunities and it is not a time to spectate. I am confident that your Managers are managing the portfolio to best advantage in these uncertain times.

John Evans
21 May 2025

Manager's Review

The Company's share price returned 10.9% over the year to 31 March 2025, ahead of the return from the Lipper Global - Equity Global Income Index of 4.5%. Since the inception of Troy's management, the Company has returned 34.7%, slightly behind the peer return of 39.6%.

Global equity markets made steady progress over the period under review, albeit unspectacular when compared to the exceptional gains of the previous two years. Importantly, the portfolio delivered solid returns and growth in underlying free cash flow to support the Company's growing dividend.

Longstanding investment Paychex had a strong year. This is a US software company engaged in the delivery of payroll and human resources management including benefits and insurance. The US economy proved to be more robust than many expected last year, leading to a healthy employment backdrop which supports activity for this company. A further fillip was provided by fewer interest rate cuts than were predicted by markets from which the company benefits via its management of client cash. The shares have delivered an excellent return for the Company over the years, balanced between income and capital and we expect this to continue for years to come.

Following a change of management and a reinvigoration of the business, investors have become more enthused by the prospects for Unilever to the benefit of the shares. The company enjoys formidable competitive advantages from owning a number of well recognised global consumer brands, such as Dove, Knorr and Marmite, as well as the scale and depth of manufacturing and distribution to support these brands. However, in recent times the company has struggled to deliver growth. We believe the new CEO, Fernando Fernandez, who himself replaced the relatively new previous CEO Hein Schumacher, has the right attributes to drive change in the organisation to address this and improve shareholder returns.

Formally called the Chicago Mercantile Exchange, CME Group was a positive contributor. The company is very well placed to benefit from the structural increase in the use of futures and options to manage risk in portfolios. It also benefits from greater volatility in markets, as well as increased government debt issuance, both of which we expect. The shares have further benefited from the launch, and then subsequent failure to gain traction of a rival exchange. This highlighted once again the strong, competitive advantages and dominant market position CME Group commands.

The strongest contributor to the return for the year was the consumer staples sector which makes up a material part of the portfolio. These gains were led by Philip Morris and British American Tobacco ('BAT') which appreciated by 74.9% and 43.9% respectively in the year. In each case investors have rewarded the companies for the resiliency of their cashflows and gained greater confidence in the sustainability of their business models.

Both companies are transitioning from the traditional business of selling combustible products to distributing a range of dramatically less harmful products. In the case of Philip Morris, they have developed the premier global heat-not burn product called IQOS and, via the acquisition of Swedish Match, have a rapidly growing modern oral product named Zyn. This should allow the company to increase both free cashflow growth and margins in the long term. BAT is strategically some way behind Philip Morris but should benefit from similar trends in time. This is not yet reflected in the valuation of the shares which trade at a very wide discount to its better managed peer. We see plenty of scope for this to close to the benefit of the shares. Further upside is possible from the sale over time of BAT's stake in Indian fast moving consumer goods ('FMCG') company ITC, the proceeds from which may be used to buy back shares.

The two greatest detractors from performance were both spirits companies Diageo and Pernod Ricard. Diageo is a long-term investment in the Company whereas Pernod Ricard is a newer addition. We like these businesses long term as spirits brands give rise to greater consumer loyalty than wine or beer. Further, the trend towards drinking less but better has seen spirits enjoy a greater share of consumption, with premiumisation further improving margins. Recently these structural advantages have been challenged by offsetting structural and cyclical trends that have worried investors.

offsetting structural and cyclical trends that have worried investors.

Structurally it is feared that the consumption of spirits may be reduced owing to the widespread adoption of GLP-1 drugs which suppress appetite. Further, it is thought younger consumers are now more health conscious and less inclined to drink alcohol. Additionally, there is some concern that the legalisation of cannabis may lead to some substitution of consumption. To these structural concerns have been added cyclical fears: the boom in consumption and stocking up of spirits during COVID- related lockdowns has been followed by a mini-bust.

Our view is that, though these concerns have some merit, they do not invalidate the long-term investment case for these companies, especially following the material de-rating[1] of the sector. We believe demand will recover and inventories will normalise in time. GLP-1 drugs may impact consumers while on the medication, but it may, we believe, be a temporary effect (human nature tends to be surprisingly consistent in some respects). Evidence suggests that the young are delaying consumption, but that this tends to revert to more familiar trends when people either have children or enter the workplace. As regards cannabis, it is thought to be consumed in different "use occasions" and so is arguably less impactful than feared. More recently the tariff wars have hurt sentiment as well, potentially, as profitability for a time.

In our experience the narrative and sentiment surrounding an industry or business follow share prices. The more they fall the more negative the surrounding comment. It is worth remembering, however, that you cannot have good news and attractive prices. These companies are dealing with plenty of bad news, including tariffs, but we think in time that current valuation levels will be seen as having been a long-term buying opportunity.

We bought Canadian National Railway last year and have added to it recently. We view this as an excellent strategic asset that is impossible to replicate. It has long benefitted from both the increasing productivity of its network with the application of technology and its pricing power owing to its oligopolistic position and lack of substitutes in certain regions and for certain types of cargo. It also benefits from being the only transcontinental railway in North America running from the Atlantic (Halifax), to the Pacific (Vancouver) to the Gulf of Mexico (or should that be America?) in New Orleans. The shares have been weak for several one-off reasons such as wildfires and floods and a more persistent problem relating to labour relations. Tariffs are also unwelcome. Despite this we believe the combination of value, predictability and resiliency of free cash flow and income renders this is an appropriate long-term investment for the Company.

Pepsi also appeared in the list of detractors to performance. With an impressive track record of dividend growth, a dominant market position in the US snacking industry and a long-term opportunity to grow in the rest of the world, this is a high-quality global income asset. A combination of a fuller starting valuation and, like the spirits companies, concerns around GLP-1 adoption has made for a lacklustre return. Free cash flow growth has been constrained by a capital investment programme that should in time reap rewards. We would expect this to be evident in the coming months. Meanwhile the durability of the business should not be overlooked given the current policy and market backdrop.

Finally, Microsoft declined in this period following years of strong returns. In part this was owing to the sharp sell off in the very large technology companies that have led the US equity market higher in recent years. A change in market sentiment against the so-called Magnificent 7 (of which Microsoft is a part) was inevitable at some stage. More fundamentally, however, there is rising scepticism surrounding the efficacy of the massive investments made in the build out of artificial intelligence ('AI') infrastructure. Microsoft is deploying AI and has been a direct beneficiary of this capital splurge via its hyper-scale cloud business. It was therefore exposed to this shift in sentiment. The scale and diversification of Microsoft suggests this is a manageable challenge and that the combination of predictable growth and quality justifies the current valuation. This leads us to retain the position despite shorter term market pressures.

Portfolio Activity

Within the overall trend of a rising equity market, several opportunities have presented themselves for investment this year. We are continuously seeking to increase the quality and underlying growth of the portfolio whilst maintaining an attractive level of income for shareholders. In the last 12 months we have been able to pursue this objective by investing into a number of excellent businesses at very attractive valuations.

The most significant new holding established in the year was the Spanish software company Amadeus. The company is a leading provider of IT solutions for the global travel and tourism industry. It operates two main business segments: distribution and IT solutions. The distribution segment connects travel providers with travel agencies and other intermediaries. The IT solutions segment offers software and cloud-based platforms that help airlines to manage their operations and hotels to manage their reservation systems. We believe that Amadeus has a strong competitive position in both segments, benefiting from high barriers to entry, network effects, and economies of scale. In the IT solutions business, Amadeus's competitive position has improved since COVID. Its competitors are losing business as they cannot match Amadeus on research and development spending. Additionally, some of them are dealing with financial problems that we believe will further hamper their ability to compete effectively.

Air travel, after the significant COVID disruptions, is forecast to grow ahead of GDP. Amadeus has a dominant market share, and we consider the company to be well placed to benefit as spending increases with its existing customers. In the hospitality sector, Amadeus is making significant progress with its reservation system. Given the above we believe Amadeus to be significantly undervalued and have established a meaningful holding in the Company.

We also established a new investment in Rentokil Initial. Some will remember this business, managed by Clive Thompson in the 1980s and 1990s. It became a conglomerate via acquisitions, earning Mr Thompson the nickname "Mr 20%" - referring to what became to be expected of him - the delivery of 20% earnings per share growth each year - until it was not and ended badly. The shares fell by 92% between 1998 to 2009. Today it is a much better business. Under Andy Ransom the company is focussed on commercial and residential pest control, where it has become the global leader as well as the largest player in the lucrative US market. It also has smaller businesses engaged in facilities management, providing washroom hygiene equipment and workwear.

Pest control is an inherently attractive industry (at least from an investment standpoint) given the resilient, repeat, non-discretionary nature of spending in this category, often mandated by regulation, leading to high recurring revenue and decent growth. Further, per capita pest control spend increases as countries develop, and a warming planet may even further bolster demand. Companies in the sector also enjoy durable competitive advantages. Scale and local density of operations lead to a superior cost and productivity as well as brand equity.

The second largest competitor in the US, Rollins (which admittedly is purely focussed on pest control in one geography), trades at a very substantial premium to its UK peer. Some of the reason for this premium is that Rentokil has temporarily stumbled following the acquisition of the US pest business called Terminix. At Troy we are generally wary of large corporate deals, and this was no exception, leading us to refrain from investing while the deal progressed. The valuation of the shares subsequently declined as teething problems became apparent. However, we believe these issues will ultimately be solved. In the meantime, we are being given the opportunity to invest in a high-quality global income asset at a tantalising valuation.

Coloplast is a leading global medical device company listed in Denmark. It has been in the Troy investment universe for several years and was recently established as an investment in the Company. With dominant positions in Europe and a growing US presence, the company designs, manufactures and markets ostomy care systems, disposable containment devices and intermittent catheters for continence care. They have also acquired an innovative business, called Kerecis, which uses fish skin in wound care.

The nature of the intimate products Coloplast makes, together with their expertise and history of innovation, creates strong brand recognition among patients and healthcare providers leading to valuable customer loyalty. The company has demonstrated strong returns on capital employed as well as consistent growth over many years. Underlying demand is increasing as populations age and chronic conditions become more widespread. The shares have materially derated in recent years to a level that we think is sufficiently attractive to establish an investment.

We also started an investment in Siemens. The company is one of the largest industrial automation and electrification companies in the world which benefits from several structural trends. These include the widening and hardening of electric grids to power greener technologies as well as the need to improve the efficiency of buildings to reduce emissions. The business is involved in producing reliable highly engineered products, which are process critical and therefore highly costly to the customer if they fail. This makes for a strong competitive advantage by discouraging switching to alternative suppliers. They are also a leader in industrial software. The business is split into four divisions: Digital Industries (factory automation, industrial controls and industrial software), Smart Infrastructure (building technologies and electric power distribution), Mobility (rail and mass transit systems) and Siemens Healthineers (medical imaging, diagnostics and advanced therapy equipment). There is also an internal financing arm.

Siemens is going through a process of simplification, which we believe will unlock significant value. The company has split out both Siemens Healthineers and Siemens Energy into separate entities, retaining a stake in each of 70% and 20% respectively. We believe both may be fully spun off in the future. The resulting core business will likely enjoy higher returns on capital, lower capital intensity and should attract a richer valuation. We have seen this with several other industrial businesses in recent times, GE being the best example.

These purchases were funded via the complete sale of several investments; Proctor & Gamble and Fastenal were both sold on valuation grounds. We continue to like both businesses, and they retain their place in the Troy investment universe, but there is a price at which new ideas such as those outlined above will likely make better investments.

Cisco has been a long-term investment in the Company and has delivered attractive returns over that period. The original investment case was that the company had a very strong market position in servers but also that the business would increasingly migrate towards software products. This second leg has not evolved quite as we would have hoped. More recently the share price has appreciated because of investors' excitement regarding all things AI related. While we do think Cisco will capture some of the current AI capital expenditure boom, we think this became adequately reflected in the valuation of the shares, giving us an opportunity to sell.

Domino's Pizza was sold after having been held for several years, owing to a change in the investment case. The new management team have indicated that they wish to make a substantial acquisition to add a new brand to the current Domino's business. This would morph the company from a vertically integrated pizza delivery business to more of a platform business with multiple brands. While this may make long term strategic sense, we think it would come with much greater risk to both the business and more importantly to existing shareholders. A strategic acquisition may require either a substantial equity raise or a highly levered balance sheet which would put the dividend at risk. As a result, we decided to sell.

Johnson & Johnson was sold to part-fund the purchase of Coloplast. We believe Coloplast is a superior business as well as offering faster growth. Johnson & Johnson, as a stand-alone entity, is also a less attractive asset following the spin out of consumer healthcare company, Kenvue.

Outlook

The re-election of Donald Trump to the US presidency has set off a chain of events that few could have predicted and whose long-term effects may be profound. Global capital markets are now reacting to communications from the president, or his acolytes, on a seemingly hour-by-hour basis. While our capital is allocated across the globe, all eyes are currently on the US following the announcement of the so-called reciprocal tariffs on the world. Given that the president appears to change his mind at will, it is somewhat thankless to make too many predictions about what may or may not happen. However, to maintain some perspective it may be worth putting the current market backdrop in some context.

The inclusion of China into the global trading system in 2001 and the development of an integrated globalised economy under the auspices of the Pax Americana, led to a shift in manufacturing to lower cost areas, a restructuring towards services in the developed world and the relative rise of China. While this may have been desirable from an economic point of view, by optimising the ability of economies to pursue their comparative advantage and companies their cost base, it has created imbalances and societal pressures. This dynamic was worsened by policymakers reducing interest rates to 0% and deploying Quantitative Easing ('QE')[2] which pushed up asset prices (for those with assets). The effect has been to denude the relative living standards of the least well off. It is into this despondency that President Trump is tapping.

The new US administration campaigned on a mandate of disrupting the status quo: geopolitically (via the threatened breakdown of the rules-based system of post-war international relations including the fraying of

NATO), economically (through challenging the desirability of globalisation with the resurrection of protectionism via tariffs), and in currencies (where having the dollar as the world's reserve currency is no longer seen as an exorbitant privilege but rather as a burden to the US). Each marks a seismic shift of direction if seen through to conclusion.

The valuation in the US market has been stretched in absolute terms and relative to government bond markets. This is at a time of economic and now political uncertainty. The US equity market represents about 70% of the global index and the Magnificent 7 around 35% of that. The pain of a reversal of these trends could be material to both investors who are over-exposed to this dynamic, as well as the economy, as declining wealth saps confidence and discourages spending.

Conversely, we believe our portfolio exhibits value, quality and resilience, together with diversification away from the risks outlined above, to the benefit of shareholders. Our conservative approach should enable us to both limit the worst effects of the current volatility as well as deliver reliable income growth. This combination could be especially valuable to shareholders in coming months by avoiding the requirement to sell assets at inopportune times to cover current liabilities. This is the cornerstone of our cautious, income-focussed approach. It allows our shareholders the opportunity to endure such inauspicious times with greater equanimity and leave capital undisturbed and invested for the long term.

At the same time, we are encouraged to see several long-desired investments beginning to fall to levels of valuation that we deem attractive. This should enable us, over time, to add high-quality long-term investments to the portfolio to drive growth in underlying free cash flow to the benefit of both capital and income growth. Indeed, since the year end, we have made several changes to the portfolio owing to the opportunities presented by market volatility. This includes making an initial investment in Nike, selling our remaining holding in Hershey and adding to Diageo, Rentokil and Siemens.

Unwelcome though the current uncertainty may be, it is likely to contain the seeds of opportunity for the patient global income investor.

James Harries

21 May 2025

For further information contact:

Troy Asset Management
Investment Manager
Tel: 0207 499 4030

Juniper Partners Limited
Company Secretary
Tel: 0131 378 0500

Responsibility statement

The directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

- the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal and emerging risks and uncertainties that it faces; and

- 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 performance, business model and strategy.

Principal risks and uncertainties

Principal risks and uncertainties

The Company's business model is longstanding and resilient to most of the short-term uncertainties that it faces, which the Board believes are effectively mitigated by its internal controls and the oversight of the Manager, as described in the table below. The principal and emerging risks and uncertainties are therefore largely longer term and driven by the inherent uncertainties of investing in global equity markets.

The Board believes that it is able to respond to these longer-term risks and uncertainties with effective mitigation so that both the potential impact and the likelihood of these seriously affecting shareholders' interests are materially reduced.

Operational and management risks along with a review of potential emerging risks, are regularly monitored at Board meetings and the Board's planned mitigation measures for the principal and emerging risks are described in the table below. As part of its annual strategy meeting, the Board carries out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The Board maintains a risk register and also carries out a detailed risk analysis as part of its annual strategy meeting. The Board has identified the following principal and emerging risks to the Company:

Principal risks	Mitigation and management
Investment strategy and objectives - Pursuing an investment strategy to fulfil the Company's objective which the market perceives to be unattractive or inappropriate may lead to reduced returns for shareholders and, as a result, the Company may become unattractive to investors, leading to decreased demand for its shares and a widening discount.	The Board formally reviews the Company's objective and strategy on an annual basis, or more regularly if appropriate. The Board also receives updates at each Board meeting from the Manager with regards to the portfolio and its performance; receives broker updates on the market; and is updated on the make-up and movements in the shareholder register. In addition, the Company operates a discount control mechanism; the marketing and distribution activity is actively reviewed; and the Board and Manager proactively engage with shareholders on an ongoing basis.
Investment management - If the longer-term performance of the investment portfolio does not deliver income and capital returns in line with the investment objective and/ or consistently underperforms market expectations, the Company may become unattractive to investors.	The Board manages the risk of investment underperformance by relying on the Manager's stock selection skills within a framework of diversification and other investment restrictions and guidelines. The Board monitors the implementation and results of the investment process with the Manager (who attends all Board meetings) and reviews data that shows statistical measures of the Company's risk profile. Should investment underperformance be sustained despite the mitigation measures taken by the Manager, the Board would assess the cause and be able to take appropriate action to manage this risk.
Macro-economic and market risk - The Company's portfolio is invested in listed equities and is therefore exposed to events or developments which can affect the general level of share prices, including inflation or deflation, economic recessions and movement in interest rates and currencies which could cause losses within the portfolio and increasing finance and operational costs of the Company.	The Board receives regular updates on the Company's portfolio and the investment environment in which the Manager is operating. An explanation of the different components of market risk and how they are individually managed is contained in note 18 to the financial statements on pages 61 to 64.
Gearing and leverage risk - The Company may borrow money for investment purposes. While this has the potential to enhance investment returns in rising markets, in falling markets the impact could be detrimental to performance. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings.	The Company's gearing is maintained at a conservative and manageable level. All borrowing facilities require prior approval of the Board and actual borrowing levels are discussed by the Board and Manager at every meeting. Details of the Company's current borrowings and unused facilities can be found in note 12 to the financial statements on page

investments to repay borrowings.	in note 11 to the financial statements on page 59. The Company's investments are in quoted securities that are readily realisable and the Board regularly reviews the liquidity level of the portfolio in order to assess how quickly, if necessary, the borrowings could be repaid. The Board, through the Company Secretary, maintains an open and constructive dialogue with the Company's lenders to ensure that any renewal of the facilities is co-ordinated well in advance of the expiration of any existing facilities.
Discount risk - The discount/premium at which the Company's shares trade relative to its net asset value can fluctuate. The risk of a widening discount is that it may undermine investor confidence in the Company.	The Company operates a discount control mechanism which aims to ensure, in normal market conditions, the Company's shares trade, on a consistent basis, at or very close to net asset value. The Board reviews the operation of the discount control mechanism at each Board meeting and maintains a regular dialogue with Juniper Partners (which manages the policy on behalf of the Board) in respect of any issues or buybacks under the policy.
Operational risk - The Company is dependent on third parties for the provision of all services and systems. Any fraud, control failures, cyber threats, business continuity issues at, or poor service from, these third parties could result in financial loss or reputational damage to the Company.	The Board carries out an annual evaluation of its service providers and gives regular feedback to the Manager and Company Secretary through the Management Engagement Committee. The Board receives and reviews control reports from all service providers where appropriate. Periodically, the Board requests representatives from third party service providers to attend Board meetings to give the Board the opportunity to discuss the controls that are in place directly with the third-party providers.
Accounting, legal and regulatory -In order to continue to qualify as an investment trust, the Company must comply with the requirements of section 1158 of the Corporation Tax Act 2010. Breaches of the UK Listing Rules, the Companies Act or other regulations with which the Company is required to comply, could lead to a number of detrimental outcomes.	The Board considers that, given the regular oversight of this risk carried out by the Company Secretary and reviewed by the Board, the likelihood of this risk occurring is minimal. The Audit and Risk Committee regularly reviews the eligibility conditions and the Company's compliance against each, including the minimum dividend requirements and shareholder composition for close company status. The Board receives reports from the Manager and Juniper Partners in its capacity as AIFM and Company Secretary to enable it to ensure compliance with all applicable rules.
Environmental, social and governance ('ESG') risk - There is increasing awareness of the challenges and emerging risks posed by climate change and the importance and impact of other ESG issues.	The investment process is focused on ESG issues and, as set out on pages 13 and 14 of the annual report, this includes an assessment of the potential impact of climate change. Overall the specific potential effects of climate change are difficult, if not impossible to predict and the Board and Manager continue to monitor material physical and transition risks and opportunities as part of the investment process.
Geopolitical risk - The impact of geopolitical events could result in losses to the Company.	Geopolitical risks have always been an input into the investment process. The ongoing conflicts in Ukraine and Gaza have affected global trade and contributed to volatility in asset prices. This has been further exacerbated by the recent appointment of President Trump and the uncertainty caused by his Administration, in particular the from the imposition of increased global tariffs. The Board seeks to mitigate this risk through maintaining a broadly diversified global equity portfolio with appropriate asset and geographical exposure. The Board and the

	Manager continue to monitor the ongoing heightened geopolitical risk and are in regular communication on emerging matters which may impact on the portfolio.

Following the ongoing assessment of the principal and emerging risks facing the Company, and its current position, the Board is confident that the Company will be able to continue in operation and that the processes of internal control that the Company has adopted and oversight by the Manager and the Company Secretary continues to be effective.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement, Manager's review, Strategic report and the Report of the directors in the annual report.

The Company has a three-year multi-currency revolving credit facility for £20 million, with an additional £5 million accordion option, which expires in September 2026. As at 31 March 2025 £15.1 million had been drawn under this facility in the following currencies: £1.5 million, €4.5 million and US 12.75 million. The Company has adequate financial resources in the form of readily realisable listed securities and as a result the directors assess that the Company is able to continue in operational existence without the facilities.

In accordance with the 2019 AIC Code of Corporate Governance, the directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's assets consist of a diverse portfolio of listed equity shares which, in most circumstances, are realisable within a very short timescale. The directors are mindful of the principal and emerging risks and uncertainties disclosed on pages 17 to 19 of the annual report and also considered the potential impact of increased tariffs. They have reviewed revenue forecasts (adjusted for various sensitivities) and they believe that the Company has adequate financial resources and a suitably liquid investment portfolio to continue its operational existence for the foreseeable future, and at least for the period to 31 March 2027, which is at least 12 months from the date the financial statements are authorised for issue.

The Statement of comprehensive income, Statement of financial position, Statement of changes in equity and Statement of cash flow follow.

Statement of comprehensive income

	Year to 31 March 2025			Year to 31 March 2024		
	Revenue £000	**Capital £000**	**Total £000**	Revenue £000	Capital £000	Total £000
Net gains on investments	**-**	**22,547**	**22,547**	-	5,740	5,740
Net currency (losses)/gains	**(10)**	**275**	**265**	(39)	286	247
Income	**10,796**	**-**	**10,796**	7,674	-	7,674
Investment management fee	**(397)**	**(738)**	**(1,135)**	(478)	(888)	(1,366)
Other expenses	**(710)**	**-**	**(710)**	(595)	-	(595)
Net return before finance costs and taxation	**9,679**	**22,084**	**31,763**	6,562	5,138	11,700
Finance costs	**(347)**	**(644)**	**(991)**	(269)	(500)	(769)
Net return on ordinary activities before taxation	**9,332**	**21,440**	**30,772**	6,293	4,638	10,931
Taxation on ordinary activities	**(672)**	**-**	**(672)**	(551)	-	(551)
Net return attributable to ordinary shareholders	**8,660**	**21,440**	**30,100**	5,742	4,638	10,380
Net return per ordinary share	**6.74p**	**16.68p**	**23.42p**	6.08p	4.92p	11.00p

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

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

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

No operations were acquired or discontinued in the year.

Statement of financial position

	As at 31 March 2025		As at 31 March 2024	
	£000	£000	£000	£000
Non-current assets				
Investments held at fair value through profit or loss		308,024		324,666
Current assets				
Trade and other receivables	1,283		60,068	
Cash and cash equivalents	1,471		6,377	
	2,754		66,445	
Current liabilities				
Bank loans	(15,138)		(15,449)	
Trade payables	(1,095)		(59,573)	
Dividend payable	-		(1,736)	
Total current liabilities	(16,233)		(76,758)	
Net current liabilities		(13,479)		(10,313)
Total net assets		294,545		314,353
Capital and reserves				
Called up share capital	1,752		1,752	
Capital redemption reserve	78		78	
Share premium account	148,245		148,249	
Special distributable reserve	1,163		45,033	
Capital reserve	137,983		116,543	
Revenue reserve	5,324		2,698	
Total shareholders' funds		294,545		314,353
Net asset value per ordinary share		243.10p		223.71p

Statement of changes in equity

For the year ended 31 March 2025	Called up share capital £000	Capital redemption reserve £000	Share premium account £000	Special distributable reserve* £000	Capital reserve* £000	Revenue reserve* £000	Total £000
As at 1 April 2024	1,752	78	148,249	45,033	116,543	2,698	314,353
Net return attributable to shareholders**	-	-	-	-	21,440	8,660	30,100
Costs in relation to the issue of shares	-	-	(4)	-	-	-	(4)
Shares bought back into treasury	-	-	-	(43,870)	-	-	(43,870)
Dividends paid	-	-	-	-	-	(6,034)	(6,034)
As at 31 March 2025	1,752	78	148,245	1,163	137,983	5,324	294,545

For the year ended 31 March 2024	Called up share capital £000	Capital redemption reserve £000	Share premium account £000	Special distributable reserve* £000	Capital reserve* £000	Revenue reserve* £000	Total £000
As at 1 April 2023	1,223	78	31,808	70,924	111,905	3,297	219,235
Net return attributable to shareholders**	-	-	-	-	4,638	5,742	10,380
Shares issued							
In respect of the transaction with	529	-	117,223	-	-	-	117,752

transaction with TIGT	[illegible]		[illegible]				[illegible]
Costs in relation to the issue of shares	-	-	(782)	-	-	-	(782)
Shares bought back into treasury	-	-	-	(25,891)	-	-	(25,891)
Dividends paid	-	-	-	-	-	(6,341)	(6,341)
As at 31 March 2024	1,752	78	148,249	45,033	116,543	2,698	314,353

* These reserves are distributable with the exception of the unrealised portion of the capital reserve, which is non-distributable.
** The Company does not have any other income or expenses that are not included in the 'Net return attributable to ordinary shareholders' as disclosed in the Statement of comprehensive income above, and therefore this is also the 'Total comprehensive income' for the year.

Statement of cash flow

	Year ended 31 March 2025		Year ended 31 March 2024	
	£000	**£000**	£000	£000
Cash flows from operating activities				
Net return on ordinary activities before taxation		**30,772**		10,931
Adjustments for:				
Gains on investments	**(22,547)**		(5,740)	
Finance costs	**991**		769	
Exchange movement on bank borrowings	**(311)**		(346)	
Purchases of investments*	**(107,343)**		(17,217)	
Sales of investments*	**146,467**		43,263	
Dividend income	**(10,765)**		(7,659)	
Other income	**(31)**		(15)	
Dividend income received	**10,677**		7,800	
Other income received	**31**		14	
(Increase)/decrease in receivables	**(7)**		8	
Increase/(decrease) in payables	**398**		(120)	
Overseas withholding tax deducted	**(758)**		(586)	
		16,802		20,171
Net cash flows from operating activities		**47,574**		31,102
Cash flows from financing activities				
Repurchase of shares	**(43,961)**		(25,560)	
Issue of ordinary share capital**	**222**		6,143	
Equity dividends paid from revenue	**(7,770)**		(6,048)	
Interest paid on borrowings	**(971)**		(830)	
Net cash flows from financing activities		**(52,480)**		(26,295)
Net (decrease)/increase in cash and cash equivalents		**(4,906)**		4,807
Cash and cash equivalents at the start of the year		**6,377**		1,570
Cash and cash equivalents at the end of the year		**1,471**		6,377

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

** Cash flows relate to transaction with TIGT in March 2024.

Notes:

1. Significant accounting policies

The financial statements are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice (Accounting Standards 'UK GAAP') including Financial Reporting Standard (FRS) 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in July 2022. All of the Company's operations are of a continuing nature.

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments held at fair value through profit or loss. In preparing these financial statements the directors have considered the impact of climate change on the value of the listed investments that the Company holds. As the portfolio consists of listed equities, which are valued using quoted bid prices for investments in an active market, the fair value reflects the market participants' view of climate change risk.

The Company's assets consist of a diverse portfolio of listed equity shares which, in most circumstances, are realisable within a very short timescale. The directors have reviewed revenue forecasts and they believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future, and for the period to 31 March 2027, which is at least 12 months from the date the financial statements are authorised for issue.

The principal accounting policies are set out in Note 1 to the annual report. These policies have been applied consistently throughout the current and prior year.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no critical accounting estimates or judgements.

Functional currency - the Company is required to determine a functional currency, being the currency in which the Company predominately operates. The Board has determined that sterling is the Company's functional currency, which is also the currency in which these financial statements are prepared. This is also the currency in which all expenses and dividends are paid in.

2. Returns and net asset value

	Year to 31 March 2025	Year to 31 March 2024
Revenue return (£000)	**8,660**	5,742
Capital return (£000)	**21,440**	4,638
Total (£000)	**30,100**	10,380
Weighted average number of ordinary shares in issue	**128,565,700**	94,344,039
Revenue return per ordinary share	**6.74p**	6.08p
Capital return per ordinary share	**16.68p**	4.92p
Total return per ordinary share	**23.42p**	11.00p
Net asset value per share		
Net assets attributable to shareholders (£000)	**294,545**	314,353
Number of shares in issue at the year end	**121,161,415**	140,517,415
Net asset value per share	**243.10p**	223.71p

3. Dividends

	Year to 31 March 2025 £000	Year to 31 March 2024 £000
First interim dividend of 1.586p for the year ended 31 March 2025 (2024: 1.525p)	**2,029**	1,431
Second interim dividend of 1.586p for the year ended 31 March 2025 (2024: 1.525p)	**1,973**	1,386
Third interim dividend of 1.586p for the year ended 31 March 2025 (2024: 1.965p)	**1,920**	1,736
Proposed fourth interim dividend of 3.61p for the year ended 31 March 2025 (2024: 1.525p)	**4,337**	2,032
	10,259	6,585

The distributable reserves as at 31 March 2025 are £105,030,000, of this £6,257,000 will be used to fund the third and fourth interim dividends. The amount reflected above for the cost of the proposed fourth interim dividend for 2025 is based on 120,144,415 ordinary shares, being the number of ordinary shares in issue excluding those held in treasury at the date of this report. The articles of association of the Company permit dividends to be paid out of capital.

4. Investments at fair value

Under FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', an entity is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc); or

Level 3: significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments). The financial assets measured at fair value through profit or loss are grouped into the fair value hierarchy as follows:

At 31 March 2025	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets at fair value through profit or loss				
Quoted equities	**308,024**	-	-	**308,024**
Net fair value	**308,024**	-	-	**308,024**

At 31 March 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets at fair value through profit or loss				
Quoted equities	324,666	-	-	324,666
Net fair value	324,666	-	-	324,666

5. Share capital

There were 19,356,000 shares bought back during the year to 31 March 2025 at a cost of £43,870,000 (2024: 11,855,197 shares at a cost of £25,891,000). No shares were issued in the year (2024: the Company issued 52,889,037 shares following the transaction with Troy Income & Growth Trust plc, for net proceeds of £117,752,000). The share premium represents the surplus amount over the nominal value of the issued share capital, net of any related issuance costs.

6. Related party transactions

With the exception of the management and secretarial fees, directors' fees and directors' shareholdings (disclosed on page 36 of the annual report), there have been no related party transactions during the year, or in the prior year.

The management fee payable in respect of the year ended 31 March 2025 was £1,135,000 (2024: £1,366,000), of which £694,000 (2024: £302,000) was outstanding at the year-end. The secretarial and directors' fees payable in respect of the year ended 31 March 2025 are detailed in note 4 of the annual report. The amount outstanding at the year end for secretarial fees and directors' fees was £6,000 (2024: £4,000) and £nil (2024: £nil) respectively.

7. Further information

These are not statutory accounts in terms of Section 434 of the Companies Act 2006. Full audited accounts for the year to 31 March 2025 will be sent to shareholders in May 2025 and will be available for inspection at 28 Walker Street, Edinburgh EH3 7HR, the registered office of the Company. The full annual report and accounts will be available on the Company's website www.stsplc.co.uk. A copy will also shortly be available for inspection at the National Storage Mechanism at: https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

The audited accounts for the year ended 31 March 2025 will be lodged with the Registrar of Companies.

---

[1] De-rating refers to a decline in a company's valuation. For instance, a stock that traded on a price-to-earnings multiple of 20x but now trades on 15x is said to have de-rated.

[2] Quantitative easing is a form of unconventional monetary policy in which a central bank purchases longer-term securities (i.e. government bonds) from the open market in order to increase the money supply and encourage lending and investment. Buying these securities adds new money to the economy, and also serves to lower interest rates. It also expands the central bank's balance sheet.

END

FR SEUFMFEISEII