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If you have sold or otherwise transferred all of your shares in City Merchants High Yield Trust Limited (the “**Company**”), please send this document and the accompanying Form of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

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## **CITY MERCHANTS HIGH YIELD TRUST LIMITED**

*(Incorporated in Jersey under the Companies (Jersey) Law 1991 with registered number 109714 and registered as a collective investment fund under the Collective Investment Funds (Jersey) Law 1988)*

### **Recommended proposals relating to the issue of New Shares pursuant to a contractual scheme of reconstruction of Invesco Enhanced Income Limited, related change to the Company’s name, amendment to the Articles of Association and Notice of General Meeting**

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Notice of the general meeting of the Company to be held on 19 May 2021 at 9.30 a.m. (the “**General Meeting**”) at the offices of JTC Fund Solutions (Jersey) Limited, 28 Esplanade, St Helier, Jersey JE2 3QA is set out at the end of this document.

Applications will be made to the FCA and the London Stock Exchange for all of the New Shares to be admitted to the premium segment of the Official List under Chapter 15 of the Listing Rules and to trading on the London Stock Exchange’s Main Market for listed securities. It is expected that Admission will become effective on 20 May 2021 and dealings in the New Shares issued pursuant to the Scheme will commence on 20 May 2021.

Your attention is drawn to the letter from the Chairman of the Company on pages 4 to 10 of this document, which contains the recommendation of the Board that Shareholders vote in favour of the resolutions to be proposed at the General Meeting.

**The safety, security and health of the Shareholders, their guests and our advisers, including the Investment Manager’s personnel, is of paramount importance to the Board. Accordingly, in view of the current UK Government guidance and the guidance of the Government of Jersey regarding measures to reduce the transmission of Covid-19, including the rules on physical distancing and limitations on public gatherings in place as at the date of this document, physical attendance at the General Meeting will not be possible and the number of individuals in physical attendance will be limited to the quorum required by the Articles of Association, being two persons.**

**Given Shareholders will not be able to attend the General Meeting in person, you are strongly encouraged to lodge your vote either electronically via the registrar’s online portal or using the accompanying Form of Proxy to appoint the Chairman of the General Meeting as your proxy to vote on your behalf. To be valid, the Form of Proxy accompanying this document must be completed and returned, in accordance with the instructions printed thereon, so as to be received by the Company’s registrars, PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL or lodged at [www.signalshares.com](http://www.signalshares.com) as soon as possible, but in any event not later than 9.30 a.m. on 17 May 2021.**

For the purposes of Jersey law, the Directors of the Company have taken all reasonable care to ensure that the facts stated in this Circular are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of fact or of opinion. All the Directors accept responsibility accordingly.

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**PART 1**

**EXPECTED TIMETABLE**

Ex-dividend date for First Interim Dividend to Shareholders	22 April 2021
Record Date for First Interim Dividend to Shareholders	23 April 2021
Calculation Date in relation to the Scheme	5.00 p.m. on 14 May 2021
Latest time and date for receipt of Forms of Proxy	9.30 a.m. on 17 May 2021
General Meeting	9.30 a.m. on 19 May 2021
Effective date for implementation of the Scheme	19 May 2021
Dealings in New Shares commence	8.00 a.m. on 20 May 2021

## PART 2

### LETTER FROM THE CHAIRMAN

# CITY MERCHANTS HIGH YIELD TRUST LIMITED

*(Incorporated in Jersey under the Companies (Jersey) Law 1991 with registered number 109714 and registered as a collective investment fund under the Collective Investment Funds (Jersey) Law 1988)*

*Directors:*

Timothy Scholefield (Chairman)  
Caroline Dutot  
Heather MacCallum  
Stuart McMaster  
Tom Quigley

*Registered Office:*

28 Esplanade  
St Helier  
Jersey  
JE2 3QA

22 April 2021

Dear Shareholders

**Recommended proposals relating to the issue of New Shares pursuant to a contractual scheme of reconstruction of Invesco Enhanced Income Limited, related change to the Company's name, amendment to the Articles of Association and Notice of General Meeting**

## 2.1 INTRODUCTION

The Company announced on 1 March 2021 that the Board had agreed heads of terms with the board of directors of Invesco Enhanced Income Limited ("**IPE**") for a proposed merger with IPE to be effected by way of a shareholder approved contractual scheme of reconstruction by IPE and a transfer of assets to the Company.

IPE is a Jersey domiciled investment fund with net assets as at 20 April 2021 of approximately 131.8 million and a market capitalisation as at that date of approximately 127.9 million. IPE Shares are listed on the Official List and traded on the main market of the London Stock Exchange. IPE invests in the same asset class as the Company, and the two companies have significant portfolio overlap and similar investment policies. The two companies have the same AIFM and portfolio managers and many common shareholders.

If approved, the Merger will be implemented through a contractual scheme of reconstruction of IPE. The purpose of this document is to provide Shareholders with further details of the Proposals and to convene a general meeting of the Company to seek approval for the implementation of the Proposals and matters associated therewith.

In connection with the Merger, a Shareholder resolution is required to approve the issue of New Shares under the Scheme. The Proposals are therefore conditional upon, amongst other things, the approval of the Scheme Resolution by Shareholders at the General Meeting, the IPE Directors resolving to proceed with the Scheme, and the approval of the resolutions to be put to IPE Shareholders at the IPE General Meeting. Whilst not conditions of the Scheme but connected to it, we will also propose resolutions at the General Meeting to approve:

- an amendment to the Articles of Association to increase the maximum amount payable in respect of directors' fees to allow for the Proposed Additional Directors to join the Board (the **Articles Amendment Resolution**); and
- a change of the Company's name to Invesco Bond Income Plus Limited (the **Name Change Resolution**).

Further details of the Articles Amendment Resolution and the Name Change Resolution are set out in paragraphs 2.9 and 2.10 of this letter.

At the General Meeting, Shareholders will be asked to consider and, if thought fit, approve the Scheme Resolution, the Name Change Resolution and the Articles Amendment Resolution. The

General Meeting, notice of which is set out on pages 19 to 20 of this document, will be held at the offices of JTC Fund Solutions (Jersey) Limited, 28 Esplanade, St Helier, Jersey JE2 3QA at 9.30 a.m. on 19 May 2021. Given the risks posed by the spread of Covid-19 and in accordance with Government of Jersey and UK Government guidance, including the rules on physical distancing and limitations on public gatherings in place as at the date of this document, attendance at the General Meeting will not be possible. We are making arrangements to ensure that the minimum number of Shareholders required to form a quorum will be present at the General Meeting to permit the meeting to proceed. In recognition of this, Shareholders will be given the opportunity to ask questions in connection with the Proposals. Further details on how to do so are set out on page 9.

In connection with the issue of New Shares under the Scheme, the Company is required by the Prospectus Regulation Rules to publish a prospectus. As such, the Company has today also published the Prospectus, a copy of which is available on the Company's website at [www.invesco.co.uk/citymerchants](http://www.invesco.co.uk/citymerchants). Restricted IPE Shareholders will not receive a copy of the Prospectus unless they have satisfied the Directors and the IPE Directors that they are entitled to receive and hold New Shares without breaching any relevant securities laws and without the need for compliance on the part of the Company or IPE with any overseas laws, regulations, filing requirements or the equivalent.

I and the rest of your Board believe that the Proposals are compelling for both sets of shareholders and we look forward to your support. Indeed, we consider the Proposals to be in the best interests of Shareholders as a whole and recommend that Shareholders vote in favour of the Resolutions required to implement the Proposals at the General Meeting.

## **2.2 Details of the Proposals**

### **Background**

The Company and IPE share many similarities: both are managed by Invesco and have the same lead portfolio manager, Rhys Davies; the Company and IPE invest in the same asset class with similar investment objectives and policies; there is significant overlap between the two portfolios; and the Company and IPE have many common shareholders.

The Board is very aware of the benefits that accrue to shareholders from greater economies of scale including a lower ongoing charges ratio and increased liquidity. In light of this and the similarities between the Company and IPE, the Board entered into discussions with the Board of IPE with respect to the proposed Merger and both the Board and the Board of IPE were in agreement that the interests of Shareholders and IPE Shareholders would be best served if the assets of the Company and IPE were merged into a single entity being the Enlarged Company which, on the basis of existing net assets of the Company and IPE, would create an investment company with net assets in excess of £300 million.

Conditional upon the Scheme becoming effective, the Proposals would result in certain assets and undertaking of IPE transferring to the Company.

In contemplating the Proposals, the Board considered that a potential combination of the assets of IPE with the Portfolio would enable Shareholders to benefit from the greater economies of scale that are expected to result from the enlarged asset base of the Enlarged Company. In the Board's view, and subject to the Scheme becoming effective, the benefits of the Proposals to Shareholders are (i) greater scale through the combination of the similar investment portfolios of the Company and IPE; (ii) lower management fee arrangements comprising a reduction in the applied percentage of annual management fees paid in respect of the Portfolio; (iii) a reduction in the ongoing charges as a result of the costs of the Enlarged Company being spread across a larger asset base; (iv) potential for improved liquidity in the Shares; and (v) broader market appeal in the Shares. Further details of these benefits are set out in paragraph 2.3 of this letter.

### **Management Arrangements**

It is proposed that Rhys Davies, the current lead portfolio manager of both the Company and IPE, will continue as portfolio manager of the Enlarged Company.

In connection with the Proposals, it has been agreed with Invesco that the management fee will be reduced to an annual amount equal to 0.65 per cent of the total assets less current liabilities. This is a reduction from the current annual management fee payable by the Company of 0.75 per cent of total assets less current liabilities. Following the Merger, the administration fee of £22,500 (plus RPI)

currently payable by the Company to Invesco will be removed and the Company will pay an annual marketing fee of £45,000 to Invesco. This fee shall be reviewed by the parties on an annual basis.

All other terms of the management agreement with the Company shall be unchanged following the implementation of the Scheme.

### **The Scheme**

Subject to the passing of the Scheme Resolution and to the satisfaction of certain conditions, IPE will be summarily wound up in accordance with the Companies Jersey Law 1991, as amended, and the Scheme will take effect. Pursuant to the Scheme, IPE Shareholders will receive New Shares.

It is expected that the Scheme will become effective on the Effective Date, whereupon the cash and other assets of IPE comprising the Rollover Pool (excluding the Repo Contracts and the FX Forwards, the rights and obligations under which shall be novated to the Company under separate novation agreements), shall be transferred to the Company pursuant to the Transfer Agreement in consideration for the issue of the New Shares. The relevant numbers of New Shares will be allotted to the Liquidators who will renounce the New Shares in favour of the IPE Shareholders (save for any Restricted IPE Shareholders).

The issue of the New Shares will be determined on the basis of a conversion ratio based on the IPE FAV per Share and the Company FAV per Share as at the Calculation Date. Stamp duty and listing fees will be borne by the Enlarged Company. Further details of the relevant FAV calculations of each company are set out in Part 3 (*Additional Information*) of this document. The New Shares will rank equally in all respects with the existing issued Shares other than in respect of the First Interim Dividend declared with a record date prior to the Effective Date.

Unless the conditions set out in paragraph 3.3 below have been satisfied, or, to the extent permitted, waived by the Company and IPE at or before 30 June 2021, the Scheme shall not become effective.

### **2.3 BENEFITS OF THE SCHEME**

Your Board believes that the Merger has the following benefits to Shareholders:

- **Greater scale through the combination of similar investment portfolios:** the Company and IPE are managed by the same fund management company and investment manager and with a similar investment style. Rhys Davies currently manages both companies' portfolios with a good track record and does so with a similar investment objective of high income and a focus on high-yield fixed-interest securities. There is a high degree of overlap between the two investment portfolios.
- **Lower management fee arrangements:** in connection with the Proposals, it has been agreed with Invesco that the management fee will be reduced to an annual amount equal to 0.65 per cent of the total assets less current liabilities to reflect the larger size of the Enlarged Company. This is a reduction from the current annual management fee payable by the Company of 0.75 per cent of total assets less current liabilities. Following the Merger, the administration fee of £22,500 (plus Retail Price Index) currently payable by the Company to Invesco will be removed and the Company will pay an annual marketing fee of £45,000 to Invesco.
- **Lower ongoing charges:** in addition to the change in management fee arrangements, the other costs of the Company will be spread across a larger asset base resulting in further economies of scale and a reduction in ongoing charges ratio.
- **Potential for improved liquidity:** the Board expects that the Enlarged Company will benefit from greater liquidity in its shares.
- **Potential for improved share price rating:** the Board believes that the above benefits should assist the Shares in maintaining an improved rating as the greater scale of the Enlarged Company is expected to result in broader market appeal.

### **2.4 Dividends**

In recent years, the Company has paid an annual dividend of 10.0 pence per Share by way of four quarterly payments of 2.5 pence per Share. In connection with the Proposals, the Board proposes that the Enlarged Company adopts a dividend policy to target an annualised dividend of 11 pence per Share over a three year period following the implementation of the Scheme by way of

12 quarterly dividend payments of 2.75 pence per Share, with the first such dividend being the second interim dividend for the year ending 31 December 2021 which is expected to be declared in June 2021.<sup>1</sup> On the implementation of the Scheme, the target total dividends per Share for the year ending 31 December 2021 would therefore increase to 10.75 pence per Share (being the First Interim Dividend of 2.5 pence per Share and three further quarterly interim dividends of 2.75 pence per Share).

It is anticipated that dividends will be substantially covered by net income from the Portfolio although the Enlarged Company will support the target dividend over this period through the use of revenue and capital reserves if necessary. Thereafter, the Board intends to consider its ongoing dividend policy, taking into account the annualised net income from its portfolio and the market environment at that time. We have agreed the proposed dividend policy with the IPE Board in recognition of the differential in income distribution ratios adopted by each of the two companies and it is intended to provide a path towards a longer-term sustainable income distribution to shareholders of the Enlarged Company.

The Company has declared the First Interim Dividend of 2.5 pence per Share for the period from 1 January 2021 to 31 March 2021. The holders of New Shares will not be entitled to the First Interim Dividend but rather will receive (prior to the Effective Date) the IPE Second Interim Dividend and a special pre-liquidation dividend of 0.75 pence per IPE Share from IPE. The holders of New Shares will be entitled to any other dividends and distributions declared in respect of the Shares with a record date after the Effective Date.

## **2.5 Borrowings**

The Company currently has net borrowing of 18.45 per cent. of net assets as at 20 April 2021 (being the latest practicable date prior to the publication of this document). It is intended that, following the implementation of the Scheme, the net gearing of the combined portfolio will be adjusted to approximately 10 per cent. of net assets.

## **2.6 Transfer Agreement**

If the Proposals become effective, the Liquidators (in their personal capacity and on behalf of IPE) will enter into a transfer agreement (the “**Transfer Agreement**”) with the Company. Under the terms of the Transfer Agreement, the cash and other assets of IPE comprising the Rollover Pool (excluding the Repo Contracts and the FX Forwards, the rights and obligations under which shall be novated to the Company under separate novation agreements), will be transferred to the Company in consideration for the allotment and issue by the Company of the New Shares to the Liquidators (as nominees for IPE Shareholders entitled to them in accordance with the Scheme). Thereafter, the Liquidators will renounce the allotments of the New Shares in favour of IPE Shareholders, and such New Shares will be issued by the Company to those IPE Shareholders pursuant to the Scheme.

The Transfer Agreement provides that the assets to be transferred to the Company will be transferred with such rights and title as IPE may have in respect of the same or any part thereof subject to and with the benefit of all and any rights, restrictions, obligations, conditions and agreements affecting the same or any part thereof, including any income, dividend, distribution, interest or other right or benefit on any investment marked “ex” the relevant income, dividend, distribution, interest or other right or benefit at or prior to the Calculation Date. The Transfer Agreement further provides that IPE, acting by the Liquidators, shall (insofar as they are reasonably able to do so by law or otherwise) comply with all reasonable requests made by the Company (or its nominee) with a view to transferring the legal title in each of the assets comprised in the Rollover Pool and shall, in particular, account to the Company for all income, dividends, distributions, interest and other rights and benefits on any investment marked “ex” the relevant income, dividend, distribution, interest or other right or benefit on or prior to the Calculation Date.

The Enlarged Company will pay stamp duty reserve tax to the extent applicable on the acquisition of the Rollover Pool and listing fees in relation to the listing of the New Shares.

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(1) This is a target only and not a profit forecast. There can be no assurance that the target will be met and it should not be taken as an indicator of the Company's expected or actual results.

## **2.7 Novation of FX Forwards and Repo Contracts**

Similar to the Company, IPE has entered into a number of foreign exchange contracts with various counterparties for the offset of effects of changes in currency exchange rates. Again, similar to the Company, IPE also participates in repo financing arrangements in connection with its investment portfolio. Under these arrangements, IPE sells fixed interest securities but is contractually obliged to repurchase them at a fixed price on a fixed date. The Scheme is conditional upon the transfer of the benefits and obligations under the FX Forwards and the Repo Contracts to the Company pursuant to the Repo Novation Agreements and the FX Novation Agreements. This condition can be waived by the Board and the IPE Board in the event an alternative solution is identified or the FX Forwards and the Repo Contracts that are not transferred do not result in material risk to Shareholders or IPE Shareholders.

## **2.8 Proposed Board changes**

If the Scheme is implemented, for continuity purposes for the IPE Shareholders, it is intended that Kate Bolsover and Christine Johnson, the existing Chairman and non-executive director of IPE, respectively, will join the Board on the Effective Date. Stuart McMaster will step down on the Effective Date. Following implementation of the Scheme, the Board of the Enlarged Company will comprise six non-executive directors all of whom will be independent of the AIFM and the Investment Manager.

Timothy Scholefield will be the Chairman of the Enlarged Company and Kate Bolsover shall be appointed as Senior Independent Director. In accordance with Provisions 5.2.6 and 6.2.13 of the AIC Code, the Board has identified that Timothy Scholefield and Kate Bolsover are both directors of Fidelity Asian Values Plc ("**FAS**"). However, Timothy Scholefield does not intend to stand for re-election to the board of FAS at the annual general meeting to be held in December 2021. It is noted that the majority of the Board of the Enlarged Company will be independent of each other.

Further details of the Proposed Additional Directors are set out below.

### **Details of the Proposed Directors**

#### ***Kate Bolsover***

Kate Bolsover was appointed as a director and Chairman of IPE on 16 January 2019. She was previously Chairman and trustee of Tomorrow's People, non-executive director of JPMorgan American Investment Trust, director of corporate communications at Cazenove Group plc and JPMorgan Cazenove, managing director at Signature Financial Group and Baring Fund Managers. She is currently a director of TR Property Investment Trust plc, Baillie Gifford & Co Limited and Chairman of Fidelity Asian Values Plc. It is intended that Kate will chair the Nomination and Remuneration Committee of the Enlarged Company.

#### ***Christine Johnson***

Christine Johnson was appointed as a director of IPE on 16 January 2019. She was formerly Head of Fixed Income at Old Mutual Global Investors, Senior Fund Manager at HSBC Group (HALBIS) Capital Management and fund manager at Investec Asset Management. She is currently a non-executive director of CCLA Investment Management Ltd, CCLA Fund Managers Ltd, CBF Funds Trustee Limited, Golden Charter Trust Limited, Golden Charter Trust, First Sentier Investors Europe Holdings Limited, First Sentier Investors (UK) Services Limited, First Sentier Investors (UK) IM Limited and First Sentier Investors International IM Limited. It is intended that Christine will chair the Management Engagement Committee of the Enlarged Company.

## **2.9 Proposed amendment to the Articles of Association**

As noted above, if the Scheme is implemented, the Proposed Additional Directors will join the Board on the Effective Date. The Articles of Association currently provide that the aggregate fees of the Directors will not exceed £150,000. Resolution 3 in the Notice of General Meeting at the end of this document seeks authority to amend the Articles of Association in order to increase the aggregate fees of the Directors to £185,000 to allow the Proposed Additional Directors to join the Board.

## **2.10 Proposed name change**

If the Scheme becomes effective, it is proposed that the Enlarged Company will be renamed Invesco Bond Income Plus Limited. Resolution 2 in the Notice of General Meeting at the end of this document seeks authority for the name of the Company to be changed accordingly.

## 2.11 Costs and expenses of the Scheme

The Proposals will not result in any proceeds being raised by the Company. The New Shares are being issued to the IPE Shareholders in consideration for the transfer of the Rollover Pool to the Company. The fixed costs of the Proposals payable by the Company are estimated to be approximately £566,000 (including irrecoverable VAT). Further details of the costs and expenses of the Scheme are set out in Part 3 (*Additional Information*) of this document.

Any stamp duty, stamp duty reserve tax or other transaction tax, or investment costs incurred by the Company on the acquisition of the Rollover Pool or the deployment of the cash therein upon receipt and fees in relation to the admission of the New Shares, will be borne by the Enlarged Company. For illustrative purposes the listing fees are expected to be approximately £141,818.

In the event that the Proposals fail to complete then each company shall pay their own costs.

## 2.12 The General Meeting

### Resolutions and voting

The Proposals are conditional amongst other things on the approval of the Scheme Resolution by the Shareholders at the General Meeting. In connection with the Scheme we are also seeking your approval of the Articles Amendment Resolution and the Name Change Resolution. You will find set out on pages 19 to 20 at the end of this document a notice convening the General Meeting at which Shareholders will be asked to consider and, if thought fit, amongst other things, approve the issue of New Shares in connection with the Scheme. Each of Resolutions 1, 2 and 3 will be proposed as a special resolution.

In accordance with the Articles of Association, all Shareholders are entitled to attend and vote at the General Meeting. All Shareholders entitled to vote and be present in person or by proxy at the General Meeting shall upon a show of hands have one vote and upon a poll shall have one vote for every Share held.

Voting on the Resolutions at the General Meeting will be conducted on a poll.

### Attendance

The safety, security and health of the Shareholders, their guests and our advisers, including Invesco's personnel, is of paramount importance to the Board. Accordingly, in view of the current UK Government guidance and the guidance of the Government of Jersey regarding measures to reduce the transmission of Covid-19, the Board is changing the format of the General Meeting.

The General Meeting will be held at the offices of JTC Fund Solutions (Jersey) Limited, 28 Esplanade, St Helier, Jersey JE2 3QA at 9.30 a.m. on 19 May 2021 but will follow the minimum legal requirements for a general meeting. Only the formal business set out in the Notice will be considered. In line with this guidance, Shareholders are strongly discouraged from attending the meeting and indeed entry will be refused if current UK Government guidance and the guidance of the Government of Jersey is unchanged. Arrangements will be made by the Company to ensure that a minimum number of Shareholders required to form a quorum will attend the meeting in order that the meeting may proceed.

Recognising that Shareholders will be unable to attend and ask questions, the Board invites anyone with questions on the business of the meeting, or otherwise, to address them to the Company Secretary, by email to [invesco@jtcgroup.com](mailto:invesco@jtcgroup.com) or, by letter, to 28 Esplanade, St Helier, Jersey, JE2 3QA. Questions will be relayed to the Board and responses provided.

The proposed Resolutions are set out in the Notice of General Meeting on pages 19 to 20. The situation in relation to Covid-19 continues to evolve and the Company will update Shareholders as to any changes to the above arrangements for the General Meeting through its website at [www.invesco.co.uk/citymerchants](http://www.invesco.co.uk/citymerchants) and, where appropriate, through announcement on the London Stock Exchange.

## 2.13 Action to be taken

Shareholders will find enclosed with this document a Form of Proxy for use in relation to the General Meeting. **Recognising that Shareholders will not be able to attend the General Meeting in person I would encourage you, in advance of the General Meeting, to lodge your vote either**

**electronically via the registrar's online portal or by completion and return of a Form of Proxy. In addition, given the meeting will follow the minimum legal requirements for a general meeting as referred to above, it is unlikely that your vote will be counted where a proxy other than the Chairman of the Meeting is appointed as additional third parties are unlikely to be permitted entry to the meeting.**

Shareholders are asked to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and, in any event, so as to be received by the Company's registrars, PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL by not later than 9.30 a.m. on 17 May 2021. Alternatively, you may register your proxy appointment for the General Meeting electronically by visiting Link Group's website ([www.signalshares.com](http://www.signalshares.com)). Electronic proxy appointments for the General Meeting must also be lodged no later than 9.30 a.m. on 17 May 2021.

Shareholders who hold their Shares via another platform or share plan provider (for example Hargreaves Lansdown, Interactive Investor or AJ Bell) and would like to vote at the General Meeting should contact their platform or share plan provider directly to make arrangements. Further details of how to vote if you hold your shares via a platform or share plan provider are available at <https://www.theaic.co.uk/shareholder-voting-consumer-platforms>.

#### **2.14 Recommendation**

The Board considers the Proposals to be in the best interests of Shareholders as a whole. Accordingly, the Board recommends unanimously that Shareholders vote in favour of the Resolutions, and that Shareholders either lodge their vote electronically via the registrar's online portal or complete and return their Forms of Proxy or transmit CREST proxy instructions accordingly. The Directors intend to vote in favour of the Resolutions in respect of their own beneficial holdings which total 100,700 Ordinary Shares (representing 0.10 per cent. of the total voting rights in the Company exercisable at the General Meeting).

Your Board greatly appreciates the support it receives from Shareholders and the Board will endeavour to address any questions received on the Proposals or this document.

Shareholders who are in any doubt as to the contents of this document or as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or an appropriately qualified and duly authorised independent financial adviser without delay.

Yours faithfully

**Timothy Scholefield**  
Chairman

## PART 3

### ADDITIONAL INFORMATION

The Issue is being undertaken pursuant to the proposed members' voluntary liquidation and a contractual scheme of reconstruction of IPE under which IPE Shareholders will be entitled to receive New Shares in respect of all of their IPE Shares.

The Scheme involves IPE being placed into members' voluntary liquidation and IPE Shareholders receiving New Shares issued by the Company, in exchange for the transfer to the Company of the Rollover Pool. The New Shares are not being offered to the Existing Shareholders or to the public. The Issue has not been underwritten.

The Board of IPE has resolved to recommend the Scheme to the IPE Shareholders.

#### 3.1 Details of the Scheme

Subject to the satisfaction of the Conditions, IPE will be placed into members' voluntary liquidation and the Scheme will take effect. It is expected that the Scheme will become effective on the Effective Date, whereupon the cash, undertaking and other assets of IPE comprising the Rollover Pool (excluding the Repo Contracts and the FX Forwards, the rights and obligations under which shall be novated to the Company under separate novation agreements), shall be transferred to the Company pursuant to the Transfer Agreement in consideration for the issue of the New Shares. The relevant numbers of New Shares will be allotted to the Liquidators (as nominees for the IPE Shareholders entitled to them) who will renounce the New Shares in favour of the IPE Shareholders (save for any Restricted IPE Shareholders).

In advance of the Effective Date, IPE and/or Invesco (or their agents) will have, to the extent necessary, realised or realigned the undertaking and business carried on by IPE in accordance with the Scheme so that, so far as practicable, IPE will hold, in addition to assets destined to become the Liquidation Pool, investments suitable for transfer to the Company for the benefit of the Company, by virtue of the Transfer Agreement.

On the Calculation Date, or as soon as possible thereafter, the IPE Directors, in consultation with the proposed Liquidators, shall calculate the aggregate value of the IPE NAV, the IPE FAV and the IPE FAV per Share in accordance with the terms of the Scheme. On the Calculation Date, the IPE Directors, in consultation with the proposed Liquidators and the Board, shall also determine the costs of the Scheme, including the Retention.

On the Calculation Date, or as soon as possible thereafter, the IPE Board and Invesco, in consultation with the proposed Liquidators, shall procure the finalising of the division of IPE's undertaking, cash and other assets into two separate and distinct pools, namely the Liquidation Pool and the Rollover Pool as follows and in the following order:

- (a) first, there shall be appropriated to the Liquidation Pool cash and other assets of IPE (including receivables and contingent assets), of a value calculated in accordance with the terms of the Scheme, which is estimated by the proposed Liquidators, in consultation with the Board of IPE, to be sufficient to meet the current and future, actual and contingent liabilities of IPE, including, without prejudice to the generality of the foregoing and save to the extent that the same have already been paid or already deducted in calculating the total assets of IPE:
  - (i) the costs and expenses incurred by IPE and the Liquidators in formulating, preparing and implementing the Proposals and the Scheme and in preparing the IPE Circular and all associated documents in each case as not otherwise paid prior to the liquidation;
  - (ii) the costs and expenses incurred and to be incurred by IPE and the Liquidators in preparing and implementing the Transfer Agreement;
  - (iii) any unclaimed dividends of IPE (so far as not previously paid) and any declared but unpaid dividends of IPE including, for the avoidance of doubt, the Special Dividend and, to the extent necessary, the IPE Second Interim Dividend;
  - (iv) the costs and expenses of winding up IPE, including the fees and expenses of the Liquidators;

- (v) the costs and expenses of liquidating IPE (which includes the costs and expenses in relation to the Liquidators maintaining IPE in liquidation until the date of the final meeting of IPE), including the fees and expenses of the Liquidators and IPE's registrar;
- (vi) any tax liabilities of IPE; and
- (vii) an amount considered by the Liquidators to be appropriate to provide for any unascertained, unknown or contingent liabilities of IPE (such amount currently not expected to exceed £70,000 (the "**Retention**"),

in each case including any VAT in respect thereof; and

- (b) second, there shall be appropriated to the Rollover Pool all the undertaking, cash and other assets of IPE remaining after the appropriation referred to in paragraph (a) above.

The Repo Contracts and the FX Forwards shall form part of the Rollover Pool, but shall not be transferred to the Company pursuant to the Transfer Agreement, and shall instead be novated to the Company under separate novation agreements.

Interest, income and other rights or benefits accruing in respect of any of the undertaking, cash or other assets comprised in any of the Liquidation Pool or Rollover Pool shall form part of that pool, provided that any income, dividend, distribution, interest or other right or benefit on any investment marked "ex" the relevant income, dividend, distribution, interest or other right or benefit at or prior to the Calculation Date shall be deemed to form part of the Rollover Pool.

On the Calculation Date, or as soon as practicable thereafter, IPE shall procure that there shall be delivered to the Company (or its nominee) particulars of the undertaking, cash and other assets comprising the Rollover Pool in accordance with the terms of the IPE Letter of Undertaking. On the Effective Date, or as soon as practicable thereafter, the Liquidators shall deliver to the Company (or its nominee) a list, certified by IPE's registrar, of the names and addresses of IPE Shareholders and the number of IPE Shares held by them in accordance with the terms of the Transfer Agreement.

Further details of the Transfer Agreement are provided in paragraph 2.6 of Part 2 of this document and full details of the Scheme are set out in the circular to IPE Shareholders dated 22 April 2021.

### 3.2 Details of the Issue

The issue of the New Shares will be determined on the basis of a conversion ratio based on the IPE FAV per Share and the Company FAV per Share as at the Calculation Date. The Calculation Date for determining the value of the Rollover Pool is expected to be at 5.00 p.m. on 14 May 2021.

In consideration for the transfer of the Rollover Pool to the Company, the New Shares shall be issued to holders of IPE Shares. IPE Shareholders shall have New Shares issued to them in accordance with the following formula (rounded down to the nearest whole number of New Shares):

$$\text{Number of New Shares} = \frac{A}{B} \times C$$

where

A is the IPE FAV per Share (as at the Calculation Date);

B is the Company FAV per Share (as at the Calculation Date); and

C is the aggregate number of IPE Shares held by the relevant IPE Shareholder.

No value shall be attributable to IPE Shares held in treasury by IPE. Fractions of New Shares will not be issued under the Scheme and entitlements to such New Shares will be rounded down to the nearest whole number. Any assets representing a fraction of the entitlements of holders of IPE Shares whose holding of New Shares is rounded down shall be retained by the Company and represent an accretion to its assets.

The New Shares to be issued pursuant to the Scheme will be allotted, credited as fully paid, to the Liquidators (as nominee for the IPE Shareholders entitled thereto), whereupon the Liquidators will renounce the allotments of New Shares in favour of IPE Shareholders entitled to them under the Scheme. On such renunciation, the Company will issue the New Shares to the IPE Shareholders entitled thereto.

The New Shares will rank equally in all respects with the existing issued Shares other than in respect of the First Interim Dividend declared with a record date prior to the Effective Date.

For illustrative purposes only, had the Calculation Date been 20 April 2021 (being the latest practicable date prior to the publication of this document), after deduction of the First Interim Dividend in respect of the Company and of the IPE Special Dividend and the IPE Second Interim Dividend in respect of IPE, and taking into account the estimated costs of the Proposals as outlined above, the IPE FAV per Share would have been 74.4387 pence and the Company FAV per Share would have been 194.0726 pence which would have produced a conversion ratio of 0.383561. On the basis of these figures, an IPE Shareholder who held 1,000 IPE Shares would have received 383 New Shares under the Scheme. In aggregate 66,919,832 New Shares would have been issued to IPE Shareholders under the Scheme, representing approximately 39.7 per cent. of the issued Share capital of the Enlarged Company.

The results of the Scheme and the Issue, including the calculations of the Company FAV per Share and the IPE FAV per Share and the number of New Shares to be issued under the Scheme, will be announced through a RIS as soon as reasonably practicable following the Calculation Date and prior to the Issue.

### **3.3 Conditions of the Scheme**

The Scheme is conditional upon:

- (a) the passing of the resolutions at the IPE General Meeting or any adjournment of the IPE General Meeting and any conditions of such resolutions being fulfilled;
- (b) the passing of the Scheme Resolution at the General Meeting and becoming unconditional in all respects;
- (c) the approval of the FCA and the London Stock Exchange to the Admission of the New Shares to the Official List and to trading on the main market of the London Stock Exchange, respectively;
- (d) the novation of the Repo Contracts and FX Forwards to the Company with effect from the Effective Date; and
- (e) the IPE Directors resolving to proceed with the Scheme.

Unless the conditions set out above have been satisfied or, to the extent permitted, waived by the Company and IPE at or before 30 June 2021, the Scheme shall not become effective.

### **3.4 Costs and expenses of the Proposals**

The Proposals will not result in any proceeds being raised by the Company. The New Shares are being issued to the IPE Shareholders in consideration for the transfer of the Rollover Pool to the Company.

The Company and IPE will each bear their own costs in respect of the Proposals. Any costs of realignment/realisation of the IPE portfolio prior to the Scheme becoming effective will be borne by IPE. Any stamp duty, stamp duty reserve tax or other transaction tax, or investment costs incurred by the Company on the acquisition of the Rollover Pool or the deployment of the cash therein upon receipt and admission fees in relation to the admission of the New Shares, will be borne by the Enlarged Company.

The costs of the Proposals payable by the Company are expected to be £566,000 [(including irrecoverable VAT)].

If the Proposals do not proceed on the terms agreed or the required approvals are not obtained, then IPE and the Company will bear their own costs.

### **3.5 Admission and dealings**

Application will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium segment of the Official List and to trading on the Main Market. The existing Shares are already traded there. If the Scheme becomes effective, it is expected that the New Shares will be admitted to the Official List on 20 May 2021, and the first day of dealings in such New Shares on the Main Market will be 20 May 2021.

The New Shares will be in registered form. Temporary documents of title will not be issued. The ISIN of the New Shares will be JE00B6RMDP68. IPE Shareholders who hold their IPE Shares in uncertificated form and are entitled to receive New Shares, will receive New Shares in uncertificated

form on 20 May 2021. Certificates in respect of New Shares to be issued to IPE Shareholders who hold their IPE Shares in certificated form and are entitled to receive New Shares, will be despatched in the week commencing 24 May 2021.

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

### **3.6 Dilution**

Existing Shareholders are not able to participate in the Issue and will suffer a dilution to the percentage of the issued share capital that their current holding represents based on an actual number of New Shares issued. For the avoidance of doubt, the value of the underlying assets and the NAV per Share attributable to the Existing Shareholders will not be altered as a direct consequence of the Scheme becoming effective.

For illustrative purposes only, had the Calculation Date been 20 April 2021 (being the latest practicable date prior to the publication of this Prospectus), and assuming that 66,919,832 New Shares were issued, Existing Shareholders would have suffered a dilution of approximately 39.7 per cent. to their existing percentage holdings.

### **3.7 Overseas IPE Shareholders**

The terms of the Proposals, as they relate to Overseas IPE Shareholders, may be affected by laws of the relevant jurisdiction.

Restricted IPE Shareholders will not receive the Prospectus. Restricted IPE Shareholders who wish to participate in the Scheme should contact IPE directly if they are able to demonstrate, to the satisfaction of the Directors and the IPE Directors, that they can be issued New Shares without breaching any relevant securities laws. Unless the Directors and the IPE Directors are so satisfied (in their respective absolute discretions), the New Shares that would otherwise be received by a Restricted IPE Shareholder under the Scheme will instead be issued to the Liquidators as nominees on behalf of such Restricted IPE Shareholder who will arrange for such shares to be sold promptly by a market maker. The net proceeds of such sales (after deduction of any costs incurred in effecting such sales) will be paid to the relevant Restricted IPE Shareholders entitled to them within 10 Business Days of the date of sale, save that entitlements of less than £5.00 per Restricted IPE Shareholder will be retained by the Company for its own account.

Restricted IPE Shareholders should note:

- the New Shares have not been and will not be registered under the United States Securities Act 1933, as amended, or qualify under applicable United States statute and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia, Japan or the Republic of South Africa;
- the New Shares have not been and will not be registered under the United States Investment Company Act of 1940, as amended, and investors are not entitled to the benefits of that Act; and
- no offer is being made, directly or indirectly, under the Scheme, in or into by the use of mails, or by means of instrumentality (including, without limitation, facsimile, or transmission, telex or telephone) of interstate or foreign commerce, or of any facility in a national securities exchange, of the United States, Canada, Australia, Japan or the Republic of South Africa.

Overseas IPE Shareholders should note that no action has been taken or will be taken in any jurisdiction other than in the UK, the Channel Islands or the Isle of Man where action is required to be taken to permit the distribution of this document. Accordingly, this document may not be used for the purposes of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

It is the responsibility of Overseas IPE Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Proposals, including the obtaining of any governmental or other consent which may be required, compliance with necessary formalities and the payment of any issue, transfer or other taxes due to such jurisdiction.

IPE Shareholders who are subject to taxation outside the UK should consult their independent financial adviser as soon as possible.

The provisions of the Scheme relating to Restricted IPE Shareholders may be waived, varied or modified as regards a specific IPE Shareholder or on a general basis by the Directors and the IPE Directors in their respective absolute discretion.

### **3.8 Responsibility statement**

The Directors, whose names appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

For the purposes of Jersey law, the Directors have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of fact or of opinion. All of the Directors accept responsibility accordingly.

### **3.9 Documents on display**

Copies of the following documents will be available on the Website and, in the event that the current Government restrictions implemented in response to Covid-19 are lifted before Admission, for inspection between 9.00 a.m. and 5.00 p.m. on any day (Saturdays, Sundays and public holidays excepted) at the registered office of the Company from the date of this document until Admission:

- this document dated 22 April 2021;
- the Articles;
- the New Articles;
- the Prospectus dated 22 April 2021;
- the Transfer Agreement;
- the undertaking entered into by the Company on 22 April 2021 in respect of the Transfer Agreement; and
- the Form of Proxy.

## PART 4

### DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

**“Admission”** the date on which admission of the New Shares to the premium segment of the Official List and to trading on the Main Market becomes effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange

**“AGM”** the annual general meeting of the Company

**“AIFM”** Invesco Fund Managers Limited, the Company’s alternative investment fund manager

**“Articles”** or **“Articles of Association”** the articles of association of the Company

**“Articles Amendment Resolution”** the resolution to be proposed at the General Meeting to adopt the New Articles

**“Board”** or **“Directors”** the board of directors of the Company

**“Board of IPE”** the board of directors of IPE

**“Business Day”** any day on which the London Stock Exchange is open for business and banks are open for business in London

**“Calculation Date”** the time and date to be determined by the IPE Directors (but expected to be 5.00 p.m. on 14 May 2021), at which the value of IPE’s assets and liabilities will be determined for the creation of the Liquidation Pool and the Rollover Pool, and at which the IPE NAV, the Company NAV, the IPE FAV, the Company FAV, the IPE FAV per Share and the Company FAV per Share will be calculated for the purposes of the Scheme

**“Company”** City Merchants High Yield Trust Limited, a company incorporated in Jersey with registered number 109714

**“Company FAV”** the Company NAV as at the Calculation Date post the costs of the Proposals attributable to the Company (other than SDRT or other transaction taxes and investment fees in connection with the acquisition of the Rollover Pool)

**“Company FAV per Share”** the Company FAV divided by the number of Shares in issue (excluding treasury shares) at the Calculation Date

**“Company NAV”** the net asset value of the Portfolio as at the Calculation Date, determined in accordance with the normal accounting principles adopted by the Company from time to time including (to the extent not already accounted for) a deduction for any dividends declared prior to the Calculation Date but not yet paid to Shareholders, and excluding any provision for any costs in connection with the Proposals

**“Conditions”** the conditions to the Proposals including those set out in paragraph 3.3 of Part 3 (*Additional Information*) of this document

**“Effective Date”** the date on which the Scheme becomes effective, which is expected to be 19 May 2021

**“Enlarged Company”** the Company following completion of the Merger

**“Existing Shareholders”** the holders of Shares prior to completion of the Merger

**“FAV”** formula asset value

**“First Interim Dividend”** the intended first quarterly interim dividend of the Company for the year ending 31 December 2021 of 2.5 pence per Share

**“Form of Proxy”** the form of proxy for use by Shareholders at the GM which accompanies this document

**“FSMA”** the Financial Services and Markets Act 2000, as amended

**“FX Forwards”** any and all forward foreign exchange contracts in place between IPE and various counterparties

**“FX Novation Agreements”** the deeds of novation to be entered into between IPE, the Company and the various counterparties in order to effect the novation of the FX Forwards to the Company

**“General Meeting”** or **“GM”** the general meeting of the Company convened for 9.30 a.m. on 19 May 2021 (or any adjournment thereof)

**“Invesco”** the alternative investment fund manager and/or the investment manager of either the Company or IPE, as the context requires

**“IPE”** Invesco Enhanced Income Limited, a company incorporated in Jersey with registered number 75059

**“IPE Board”** the board of directors of IPE

**“IPE Directors”** the directors of IPE from time to time

**“IPE FAV”** the value of the Rollover Pool as at the Calculation Date

**“IPE FAV per Share”** the IPE FAV divided by the total number of IPE Shares (expressed in pence and calculated to two decimal places with rounding to the nearest whole number and with 0.005 rounded down)

**“IPE General Meeting”** the general meeting of IPE convened for 10.00 a.m. on 19 May 2021 (or any adjournment thereof)

**“IPE Letter of Undertaking”** the letter of undertaking entered into by IPE on 22 April 2021 in respect of the Transfer Agreement

**“IPE NAV”** the net asset value of IPE as at the Calculation Date, determined in accordance with the normal accounting principles adopted by IPE from time to time including, (to the extent not already accounted for), a deduction for any IPE dividends declared prior to the Calculation Date but not yet paid to IPE Shareholders and excluding any provision for any costs in connection with the Proposals

**“IPE Second Interim Dividend”** the intended second quarterly interim dividend of IPE for the year ending 30 September 2021 of 1.25 pence per IPE Share

**“IPE Shareholder”** a holder of IPE Shares

**“IPE Shares”** ordinary shares of nominal value five pence each in the capital of IPE

**“IPE Special Dividend”** the special pre-liquidation dividend of 0.75 pence per IPE Share

**“Investment Manager”** Invesco Asset Management Limited, a company incorporated in England and Wales with registered number 00949417

**“Issue”** the issue of New Shares under the Scheme

**“Liquidation Pool”** the pool of cash and other assets to be retained by the Liquidators to meet all known and unknown liabilities of IPE and other contingencies

**“Liquidators”** the liquidators of IPE appointed in connection with the implementation of the Scheme

**“Listing Rules”** the Listing Rules made by the FCA under Part VI of FSMA

**“London Stock Exchange”** London Stock Exchange plc, a company registered in England and Wales with registered number 2075721

**“Main Market”** the main market of the London Stock Exchange for listed securities

**“Merger”** the combination of the assets of the Company and the assets of IPE to create the Enlarged Company pursuant to the Scheme

**“NAV per Share”** the Net Asset Value per Share from time to time

**“Name Change Resolution”** the resolution to be proposed at the General Meeting to change the name of the Company

**“Net Asset Value”** or **“NAV”** the aggregate value of the assets of the Company or IPE, as appropriate, less its liabilities

**“New Articles”** the amended Articles of Association proposed for adoption at the General Meeting

**“New Shares”** the new Ordinary Shares to be issued pursuant to the Scheme

**“Official List”** the official list maintained by the FCA pursuant to Part VI of FSMA

**“Ordinary Shares”** the ordinary shares of no par value in the capital of the Company

**“Overseas IPE Shareholder”** an IPE Shareholder who has a registered address outside or who is resident in, or citizen, resident or national of, jurisdictions outside the United Kingdom, the Channel Islands and the Isle of Man

**“Proposals”** the proposals for the members’ voluntary liquidation and scheme of reconstruction of IPE

**“Proposed Directors”** Kate Bolsover and Christine Johnson

**“Prospectus”** the prospectus for the issue of New Shares and their Admission dated 22 April 2021

**“Repo Contracts”** any and all repurchase contracts in place between IPE and various counterparties

**“Repo Novation Agreements”** the deeds of novation to be entered into between IPE, the Company and the various counterparties in order to effect the novation of the Repo Contracts to the Company

**“Resolutions”** the Scheme Resolution, the Name Change Resolution and the Articles Amendment Resolution

**“Restricted IPE Shareholder”** an Overseas IPE Shareholder with a registered address in the United States, Canada, the Republic of South Africa, New Zealand, Australia or Japan or any other jurisdiction where, in the view of the Board (and/or the IPE Board), the posting of the Prospectus, and/or the receipt of New Shares pursuant to the Scheme may violate the relevant laws and/or regulations of that jurisdiction

**“Retention”** an amount considered by the Liquidators to be appropriate to provide for any unascertained, unknown or contingent liabilities of IPE (such amount currently not expected to exceed £70,000)

**“Rollover Pool”** the pool of cash, undertaking and other assets to be established under the Scheme to be transferred to the Company pursuant to the Transfer Agreement, together with the rights and obligations of the Company under the Repo Contracts and FX Forwards

**“Scheme”** the proposed contractual scheme of reconstruction of IPE

**“Scheme Resolution”** the resolution to be proposed at the General Meeting to approve the issue of the New Shares

**“SDRT”** UK stamp duty reserve tax

**“Shares”** the Ordinary Shares

**“Shareholder”** a registered holder of one or more Ordinary Shares

## NOTICE OF A GENERAL MEETING

### CITY MERCHANTS HIGH YIELD TRUST LIMITED

*(Incorporated in Jersey under the Companies (Jersey) Law 1991 with registered number 109714  
and registered as a collective investment fund under the Collective Investment Funds (Jersey) Law 1988)*

**NOTICE IS HEREBY GIVEN** that a General Meeting of City Merchants High Yield Trust Limited (the "**Company**") will be held at 9.30 a.m. on 19 May 2021 at the offices of JTC Fund Solutions (Jersey) Limited, 28 Esplanade, St Helier, Jersey JE2 3QA to consider and, if thought fit, pass the following resolutions:

#### **SPECIAL RESOLUTIONS**

- 1. THAT:** conditional upon the contractual scheme of reconstruction and winding up of Invesco Enhanced Income Limited ("**IPE**") becoming unconditional in all respects (other than as regards any condition relating to the passing of this resolution), in addition to any existing authority, the directors of the Company be and are hereby generally and unconditionally authorised to allot up to 100 million Ordinary Shares of no par value in the capital of the Company (the "**New Shares**") to shareholders of IPE in connection with the contractual scheme of reconstruction and winding up of IPE, provided that this authority shall (unless previously revoked) expire on 30 June 2021.
- 2. THAT:** conditional upon the contractual scheme of reconstruction and winding up of Invesco Enhanced Income Limited becoming unconditional in all respects, the name of the Company be changed to Invesco Bond Income Plus Limited.
- 3. THAT:** conditional upon the contractual scheme of reconstruction and winding up of Invesco Enhanced Income Limited (the "**Scheme**") becoming unconditional in all respects, the Articles of Association be amended by deleting "£150,000" in Article 98 and replacing it with "£185,000".

By Order of the Board

Registered office:  
28 Esplanade  
St Helier  
Jersey  
JE2 3QA

**JTC Fund Solutions (Jersey) Limited**  
*Company Secretary*

22 April 2021

Notes:

These notes should be read in conjunction with the notes on the Form of Proxy.

1. A form of appointment of proxy is enclosed.

A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his stead. Where more than one proxy is appointed, each proxy must be appointed to exercise the rights attached to a different share or shares. A proxy need not be a Shareholder of the Company. In order to be valid an appointment of proxy must be returned, duly executed and completed, by one of the following methods:

- via the registrars website [www.signalshares.com](http://www.signalshares.com);
- in hard copy form by post, by courier or by hand to Company's registrar, PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL; or
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,

and in each case to be received by the Company not less than 48 hours before the time of the Meeting. **As a result of the restrictions on public gatherings in light of the Covid-19 situation, no Shareholder (other than two Shareholders designated in advance to attend for the purposes of forming a quorum), corporate representative or proxy (other than the Chairman) will be admitted to the Meeting in person. You are therefore encouraged to vote either electronically via the registrar's online portal or appoint the Chairman of the Meeting as your proxy and give your instructions on how you wish the Chairman to vote on the proposed resolutions, to ensure your vote is recognised at the meeting.**

2. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. 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. In order for a proxy appointment made by means of CREST 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 instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to 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) by the latest time for receipt of proxy appointments specified in this document. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications 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 through CREST should be communicated to the appointee through other means. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) Jersey Order 1999. 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 messages. 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 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 service providers are referred, in particular, to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings.
3. A form of appointment of proxy is enclosed. Appointment of a proxy (whether by completion of a form of appointment of proxy, or other instrument appointing a proxy or any CREST Proxy Instruction) does not prevent a Shareholder from attending and voting at this Meeting. **However, as noted above, as a result of the restrictions on public gathering, Shareholders, corporate representatives or proxies other than the Chairman of the Meeting will be turned away from the Meeting if they attempt to attend in person.**

To be effective, the form of appointment of proxy, duly completed and executed, together with any power of attorney or other authority under which it is signed (or a notarially certified copy thereof) must be lodged at the office of the Company's registrars, PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL, by not later than 9.30 a.m. on 17 May 2021.

4. A person entered on the Register of Members at close of business not less than 48 hours before the time fixed for the Meeting is entitled to attend and vote at the Meeting pursuant to Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999. Any changes to the Register of Members after such time and date shall be disregarded in determining the rights of any person to attend and/or vote at the Meeting. If the Meeting is adjourned, entitlement to attend and vote at the adjourned meeting, and the number of votes which may be cast thereat, will be determined by reference to the Company's Register of Members 48 hours before the time fixed for the adjourned meeting.
5. Any corporation which is a member 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.
6. You may not use any electronic address (any address or number used for the purposes of sending or receiving documents or information by electronic means) provided in this notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.
7. As at 20 April 2021 (being the last practicable day prior to the publication of this Notice), the Company's issued share capital consisted of 101,741,204 Ordinary Shares of no par value each carrying one vote.
8. A copy of this notice as well as various other documents relating to the Company can be found at [www.invesco.co.uk/citymerchants](http://www.invesco.co.uk/citymerchants).