

Finsbury Growth & Income Trust PLC



Portfolio Manager

Nick Train

LINDSELL TRAIN



Fund Information as at 30 June 2017

www.finsburygt.com

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Investment Objective and Benchmark Index

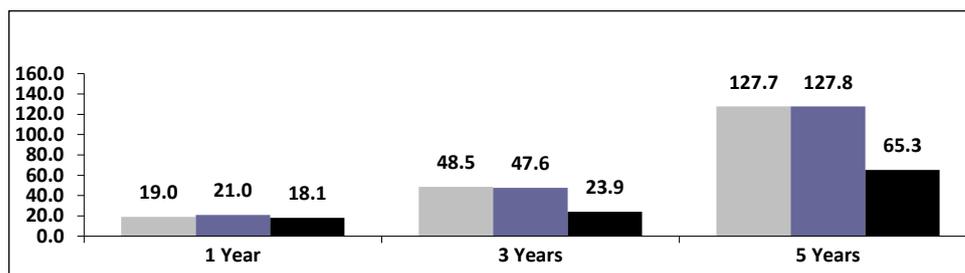
Finsbury Growth & Income Trust PLC invests principally in the securities of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of its benchmark, the FTSE All-Share Index (net dividends reinvested).

Cumulative Performance (%)

Trust: Finsbury Growth & Income Trust PLC – NAV (total return)

Trust: Finsbury Growth & Income Trust PLC – Share Price (total return)

Index: FTSE All-Share Index (net dividends reinvested) *



Discrete Performance – Calendar Years (%)

Percentage Growth	2012	2013	2014	2015	2016	YTD
NAV	23.6	35.1	6.9	11.7	12.5	11.4
Share Price	25.4	35.1	5.9	12.4	12.6	10.7
Index *	12.3	20.8	1.2	1.0	16.8	5.5

Source: Morningstar. Past performance is not a guide to future performance.

* Index source: FTSE International Limited ("FTSE") © FTSE 2017

Commentary

In June, the NAV was down 3.1% on a total return basis, the share price was down 2.9% while the index was down 2.5%.

We invest currently in three UK fund management companies – Hargreaves Lansdown, Rathbone and Schroders. In each case it has long been our expectation that their investment management fees will FALL over time. This is a result of the clear competitive and regulatory pressures at work. However, just because fees will fall it does not follow profit margins or even absolute levels of profitability must fall too, or fall commensurately. This is for three simple, but structural reasons: Equity markets have a tendency to go up. Ad valorem fees give fund managers leverage to this tendency and protect margins when costs are rising; Technology change will lead to significant cost savings for fund management companies. We know how ambitious the new CEO of Schroders is to reengineer the business; Economies of scale are meaningful. We are hoping to invest only in fund management winners that can use increasing scale to offset fee pressures. Past growth is a poor guide to future, but it must be worth noting these structural industry characteristics have allowed Schroders to grow its dividend at an annual compound of 14.5% since 1988. Rathbone's since 1989 is 11.4% and Hargreaves since 2008 23%. Worth noting because these dividend growth rates are way ahead of the market average and have driven superior total returns too. Since 1991 – as far back as Bloomberg will allow us to look – Schroders shares have increased 17-fold, Rathbones 21-fold, while the FT All-Share is up 3.5x. Since its float in May 2007 Hargreaves has sextupled – the All-Share is up 17%. With historic operating margins of 60% for Hargreaves and c30% for Rathbone and Schroders there is scope for narrowing of margins – if this is indeed to be required of the industry – that would still leave this trio much more profitable than the average quoted company in the FT All Share. Provision of investment services is a growth industry and future growth, even on lower margins, is still highly accretive for companies as inherently profitable as these. We think it would take an industry-wide abolition of ad valorem fees to undo our expectation of continued superior economic returns.

We regard June's sell-off for the stocks as a buying opportunity. I always prefer simple over complex valuation tools and have found that a simple AUM/EV ratio gives a useful measure of absolute value. At current prices Schroders sells at 1.5% of its AUM, Rathbone at 3.3% and Hargreaves 7.5%. These are well below recent valuations and further below what we would regard as full strategic value for the franchises.

Biography

Nick Train began his career as an Investment Manager at GT Management in 1981, having graduated from Queen's College, Oxford with a second class honors in Modern History (1977-1980). He left GT in June 1998, after 17 years, on its acquisition by INVESCO. At his resignation he was a Director of GT Management (London), Investment Director of GT Unit Managers and Chief Investment Officer for Pan-Europe. He joined M&G in September 1998, as a Director of M&G Investment Management. In June 1999 he was appointed as Head of Global Equities at M&G. He left M&G in April 2000 to co-found Lindsell Train Limited. He is investment adviser to the Worshipful Company of Saddlers.

Portfolio Manager Profile

Portfolio management services are provided by Lindsell Train Limited (Lindsell Train). Lindsell Train was formed in December 2000. However the principals, Michael Lindsell and Nick Train had worked together at GT Management from 1992 through to GT's takeover by INVESCO in 1998. Both Michael Lindsell and Nick Train went on to fulfill senior roles at INVESCO and M&G PLC respectively, where they continued to develop an in depth knowledge of investment processes and the world's stock markets. Their shared investment philosophy is to invest in durable, cash generative businesses that are under-priced on their valuation analysis. They believe such businesses are rare and are under-valued by most other investors most of the time. They apply this approach by choosing a concentrated portfolio of approximately 30 stocks with the intention of holding them for the medium to long term. Lindsell Train is authorised and regulated by the Financial Conduct Authority.

Investment Policy

The Company has a concentrated portfolio of approximately 30 stocks with a low turnover, and aims to provide shareholders with a total return in excess of that of the FTSE All-Share Index. The Portfolio Manager uses a bottom-up stock picking approach and looks to invest in a universe of excellent listed companies that appear mostly undervalued. Up to 20% of the portfolio, at the time of acquisition, can be invested in quoted companies worldwide. The Company's policy is to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts).

Discount Control Mechanism

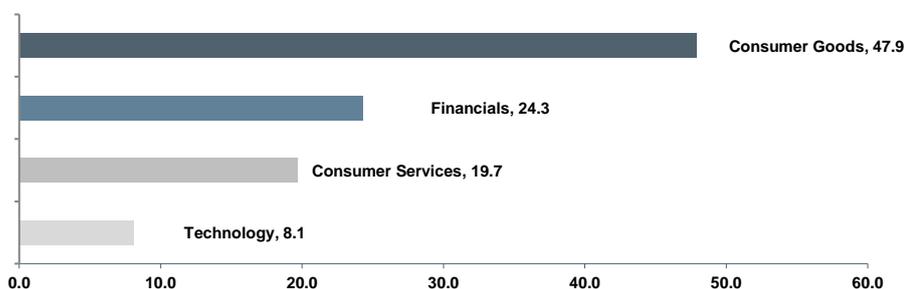
The Directors have adopted an active discount management policy to establish and support an improved rating in the Company's shares through the use of share buybacks, with a view to limiting the discount to NAV per share at which the shares trade to no more than 5%. Shares bought back may be held in treasury for reissue at later dates at no more than the discount at which they were purchased, and in any event at a discount no greater than 5% to the prevailing net asset value per share.

Finsbury Growth & Income Trust PLC conducts its affairs so that its shares can be recommended by independent financial advisers ("IFAs") to retail private investors. The shares are excluded from the Financial Conduct Authority's ("FCA's") restrictions which apply to non-mainstream investment products because they are shares in a UK-listed investment trust.

Ten Largest Holdings as at 30 June 2017 (% of total investments)

Name	Sector	Total
Unilever	Consumer Goods	10.2
RELX	Consumer Services	9.8
Diageo	Consumer Goods	9.5
London Stock Exchange	Financials	8.6
Burberry Group	Consumer Goods	6.8
Heineken	Consumer Goods	6.6
Hargreaves Lansdown	Financials	6.1
Schroders	Financials	6.0
Sage Group	Technology	5.7
Mondelez Int.	Consumer Goods	5.5
Total		74.8

Sector Breakdown as at 30 June 2017 (%)



Share Price Total Return on £100 (£) as at 30 June 2017

1 year	121.0
3 years	147.6
5 years	227.8

Source: Morningstar. Past performance is not a guide to future performance.

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Jun 12- Jun 13	Jun 13- Jun 14	Jun 14- Jun 15	Jun 15- Jun 16	Jun 16- Jun 17
NAV	32.4	15.8	14.0	9.5	19.0
Share Price	34.2	15.0	14.3	6.7	21.0
Index	17.9	13.1	2.6	2.2	18.1

Awards

Winner: Money Observer, Best UK Income Trust Awards 2017
Winner: What Investment Trust 2016, Best UK Investment Trust
Winner: Moneywise, Investment Trust Of The Year Awards 2016, 2015
 Category: UK Equity Income
Winner: FT & Investors' Chronical Awards 2015, Best Income Fund
Winner: Investment Week, Investment Company Of The Year Awards 2016, 2015
 Category: UK Equity Income

Important Information

Finsbury Growth & Income Trust PLC (the "Company") is a UK investment trust listed on the London Stock Exchange and is a member of the Association of Investment Companies. As this Company may implement a gearing policy investors should be aware that the share price movement may be more volatile than movements in the price of underlying investments. Past performance is not a guide to future performance. The value of investments and the income from them may fall as well as rise and is not guaranteed. An investor may not get back the original amount invested. There can be no assurance that the Company's investment objective will be achieved and investment results may vary substantially over time. This document is for information purposes only and does not constitute an offer or invitation to purchase shares in the Company and has not been prepared in connection with any such offer or invitation. Investment Trust share prices may not fully reflect underlying net asset values. There may be a difference between the prices at which you may purchase ("the offer price") or sell ("the bid price") a share on the stock market which is known as "bid-offer" or "dealing" spread. This is set by the market makers and varies from share to share. This spread typically averages 1-2% each way on the mid-market price (the price halfway between the bid and offer prices), and can fluctuate and at times be higher than average. Net Asset Value per share is calculated in accordance with the guidelines of the Association of Investment Companies. Net assets are stated inclusive of income received. Any opinions on individual stocks are those of the Company's Investment Manager and no reliance should be given on any such views. Any research in this document has been procured and may have been acted upon by Lindsell Train Limited for its own purposes. The results are being made available to you only incidentally. The views expressed herein do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of Frostrow Capital LLP and no assurances are made as to their accuracy. Before investing in an investment company referred to in this document, you should satisfy yourself as to its suitability and the risks involved, and you may wish to consult a financial adviser.

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Fast Facts

As at 30 June 2017

Launch Date	1926
Annual Management Fee (payable by the company) †	
Ongoing charges*	0.7%
Year / interim end	30 September/ 31 March
Capital Structure	154,700,712 Ordinary shares of 25p

Trust Characteristics

Number of Holdings	25
Net Assets (£m)	£1,101.0m
Market Capitalisation (£m)	£1,103.0m
Dividend Per Share**	13.8p
Current Net Yield	1.9%
Gearing (AIC basis)	3%
Leverage***	
Gross & Commitment	103%
Share Price (p)	713.00
NAV (p) (cum income)	711.70
Premium / (Discount) to NAV (p)	0.2%

Codes

Sedol	0781606
ISIN	GB0007816068
Legal Entity Identifier	213800NN4ZKX2LG1GQ40
Bloomberg	FGT LN
Epic	FGT

*Calculated at the financial year end, includes management fees and all other operating expenses.

**1st Interim paid 10 May 17 : (Year ended Sep 16) 6.8p
 2nd Interim payable 11 Nov 16 : (Year ended Sep 16) 7.0p

***The Board has set the leverage limit for both the Gross and the Commitment basis at 125% of the Company's Net Asset Value.

†Lindsell Train – 0.45% of the market capitalisation of the company that is equal to or less than £1 billion, 0.405% in excess of £1 billion.
 Frostrow – 0.15% of the market capitalisation of the company that is equal to or less than £1 billion, 0.135% in excess of £1 billion. Frostrow also receives a fixed fee of £70,000 per annum but this will cease to be payable with effect from the 1st of October.

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