

This document is issued by Finsbury Growth & Income Trust PLC solely in order to make certain particular information available to investors in Finsbury Growth & Income Trust PLC (the “Company”) before they invest, in accordance with the requirements of the United Kingdom Financial Conduct Authority (“FCA”) Handbook rules implementing in the United Kingdom the UK version of the Alternative Investment Fund Managers Directive (2011/61/EU) as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended, as further amended by UK legislation (“AIFM Directive”) and the EU Regulation on Sustainability-related Disclosures in the Financial Services Sector (2019/2088). It is made available to investors in the Company by being made available at [www.finsburygt.com](http://www.finsburygt.com).

**Potential investors in the ordinary shares of 25p each in the capital of the Company's (the “Ordinary Shares”) should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.**

# **FINSBURY GROWTH & INCOME TRUST PLC**

## **INVESTOR DISCLOSURE DOCUMENT**

**December 2021**

### **IMPORTANT INFORMATION**

#### **Regulatory status of the Company and its Alternative Investment Fund Manager (“AIFM”)**

Finsbury Growth & Income Trust PLC is an “alternative investment fund” (“AIF”) for the purposes of the AIFM Directive and the Company has appointed Frostrow Capital LLP (“Frostrow”), to act as its AIFM. Frostrow is authorised and regulated by the FCA as a “full scope UK AIFM” for the purposes of the AIFM Directive.

The Ordinary Shares are listed on the premium segment of the Official List of the FCA and are admitted to trading on the main market of the London Stock Exchange. The Company is subject to its articles of association, the Listing Rules of the FCA (the “Listing Rules”), the Disclosure Guidance and Transparency Rules, the Companies Act 2006 and the Financial Services and Markets Act 2000.

The provisions of the Company's articles of association are binding on the Company and its shareholders (“Shareholders”). The articles of association set out the respective rights and restrictions attaching to the Ordinary Shares. These rights and restrictions apply equally to all Shareholders. All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company's articles of association. The Company's articles of association are governed by Scots law.

#### **Limited purpose of this document**

This document is not being issued for any purpose other than to make certain, required regulatory disclosures to investors and, to the fullest extent permitted under applicable law and regulation, the Company and its AIFM, Frostrow and their directors and members will not be responsible to persons other than the Shareholders for their use of this document, nor will they be responsible to any person (including the Shareholders) for any use which they may make of this document other than to provide information to invest in the Ordinary Shares.

This document does not purport to provide complete details of the Company and potential investors should not solely rely upon this document when determining whether to make an investment. Furthermore, investors should refer to the risks and disclaimers contained within the Company's latest annual report.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Ordinary Shares.

**This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and the Ordinary Shares.**

#### **No advice**

The Company and its AIFM, Frostrow, and their directors and members are not advising any person in relation to any investment or other transaction involving the Ordinary Shares. Recipients must not treat the contents of this document or any subsequent communications from the Company, the AIFM or any of their subsidiaries, affiliates, officers, directors, members, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in the Ordinary Shares.

#### **Overseas investors**

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. No action has been taken by the Company that would permit an offer of the Ordinary Shares or distribution of any offering or publicity material in any jurisdiction where action for that purpose is required, other than the United Kingdom and the Republic of Ireland, where the Company may market to professional investors. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under any of the relevant securities laws of Canada, Australia, the Republic of South Africa or Japan or their respective territories or possessions. Accordingly, the Ordinary Shares may not (unless an exemption from such legislation or laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia, the Republic of South Africa or Japan or their respective territories or possessions. The Company is not registered under the United States Investment Company Act of 1940, as amended, and investors are not entitled to the benefits of such legislation.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares.

## THE COMPANY

### Investment Objective

The Company's investment objective is to achieve capital and income growth and to provide Shareholders with a total return in excess of that of the FTSE All-Share Index.

### Investment Policy

The Company's investment policy is as follows:

- The Company's investment policy is to invest principally in the securities of companies either listed in the UK or otherwise incorporated, domiciled or having significant business operations within the UK, whilst up to a maximum of 20% of the Company's portfolio, at the time of acquisition, can be invested in companies not meeting these criteria.
- The portfolio will normally comprise up to 30 investments. This level of concentration is likely to lead to an investment return which is materially different from the Company's benchmark index and may be considered to carry above average risk. Unless driven by market movements, securities in FTSE 100 companies and comparable companies listed on an overseas stock exchange will normally represent between 50% and 100% of the portfolio; securities in FTSE 350 companies and comparable companies listed on overseas stock exchanges will normally represent at least 70% of the portfolio.
- The Company will not invest more than 15% of the Company's net assets, at the time of acquisition, in the securities of any single issuer. For the purposes of this limit only, net assets shall exclude the value of the Company's investment in Frostrow.
- The Company does not and will not invest more than 15%, in aggregate, of the value of its gross assets in other listed closed ended investment companies . Further, the Company does not and will not invest more than 10%, in aggregate, of the value of its gross assets in other listed closed ended investment companies , except where the investment companies themselves have stated investment policies to invest no more than 15% of their gross assets in other listed closed ended investment companies.
- The Company's gearing policy is that gearing will not exceed 25% of the Company's net assets.
- The Company has the ability to invest up to 25% of its gross assets in preference shares, bonds and other debt instruments, although no more than 10% of any one issue may be held.
- In addition, a maximum of 10% of the Company's gross assets can be held in cash, where Lindsell Train Limited (the "Portfolio Manager" or "Lindsell Train") believes market or economic conditions make equity investment unattractive or while seeking appropriate investment opportunities or to maintain liquidity.
- The Company's gearing policy is that gearing will not exceed 25% of the Company's net assets.
- No investment will be made in any company or fund managed by the Portfolio Manager without the prior approval of the Board.

In accordance with the Listing Rules, the Company can only make a material change to its investment policies with the approval of Shareholders.

### Leverage

The Company may use gearing, provided that gearing will not exceed 25% of the Company's net assets. In accordance with the AIFM Directive, the Board has set leverage limits of 125% under the gross method and 125% under the commitment method.

The Company has a secured multicurrency revolving credit facility of £50 million with an additional accordion exercise option of £50 million for a fixed term expiring in October 2022.

The Company will ensure that any change to the maximum level of leverage which the AIFM and Portfolio Manager may employ on behalf of the Company as well as any right of the re-use of collateral or any guarantee granted under the leveraging arrangement and the total amount of leverage employed by the Company is published in the Company's annual report, which can be found on the Company's website: [www.finsburygt.com](http://www.finsburygt.com). In addition, the Company will notify Shareholders of any such changes, rights or guarantees without undue delay by issuing an announcement via an RIS.

### **Investment techniques**

The investment process adopted by the Portfolio Manager, is underpinned by a focus on long term investments and total return as a prerequisite for stock selection.

The process seeks to add value by establishing large holdings in a limited number of predominantly UK companies - the Company's portfolio normally comprises up to 30 investments - and then maintaining these positions for long periods. However, the Company will sell the holdings when appropriate. The characteristics sought in portfolio companies are:

- durability: companies that can prosper through business cycles for many years to come;
- high return on equity: companies with the ability to grow earnings on a consistent basis are favoured over those with rapid short-term growth, but uncertain long-term prospects; and
- low capital intensity/high free cash flow generation: companies that do not have to make heavy balance sheet investment to generate earnings growth.

The key stage of the investment process is to identify companies that meet these criteria and Lindsell Train concentrates on areas where it believes it has a competitive advantage in identifying quality business, for example branded consumer goods, media and retail financial services.

In accordance with the Listing Rules, the Company can only make a material change to its published investment policy with the approval of its Shareholders.

Any change in investment strategy or investment policy which does not amount to a material change to the Company's published investment policy may be made by the Company without Shareholder approval.

Frostrow may amend the information set out in this document from time to time.

## **ADMINISTRATION AND MANAGEMENT OF THE COMPANY**

**The AIFM**

Frostrow Capital LLP.

The AIFM has delegated its portfolio management function to Lindsell Train. The AIFM does not consider that any conflicts of interest arise from the delegation of its portfolio management function to Lindsell Train.

**Fees**

Under the alternative investment fund management agreement between Frostrow and the Company dated 21 July 2014, as amended (the "AIFM Agreement") Frostrow will receive a periodic fee of:

- (i) 0.15% per annum of the amount of the Adjusted Market Capitalisation (calculated in accordance with AIFM Agreement) that is equal to or less than £1 billion;
- (ii) 0.135% per annum of the amount of the Adjusted Market Capitalisation (calculated in accordance with the AIFM Agreement) that is greater than £1 billion up to a value of £2 billion; and
- (iii) 0.12% per annum of the amount of the Adjusted Market Capitalisation (calculated in accordance with the AIFM Agreement) that is greater than £2 billion.

"Adjusted Market Capitalisation" means in respect of any period in which a particular fee calculation is to be made under the AIFM Agreement, the average of the mid prices for an Ordinary Share as derived from the Daily Official List of the London Stock Exchange adjusted by adding back the amount of any relevant dividend in the relevant period to all prices used in calculating the adjusted market capitalisation which are quoted "ex-dividend".

**The Portfolio Manager**

Lindsell Train Limited.

**Fees**

Under the portfolio management agreement between the Portfolio Manager, Frostrow and the Company dated 21 July 2014, as amended (the "Portfolio Management Agreement"), the Portfolio Manager will receive an annual fee of:

- (i) 0.45% of the Adjusted Market Capitalisation (calculated in accordance with the Portfolio Management Agreement) that is equal to or less than £1 billion;
- (ii) 0.405% per annum of the amount of the Adjusted Market Capitalisation of the Company (calculated in accordance with the Portfolio Management Agreement) that is greater than £1 billion up to a value of £2 billion; and
- (iii) 0.36% per annum of the amount of the Adjusted Market Capitalisation (calculated in accordance with the Portfolio Management Agreement) that is greater than £2 billion.

"Adjusted Market Capitalisation" means in respect of any period in which a particular fee calculation is to be made under the Portfolio Management Agreement, the average of the mid prices for an Ordinary Share as derived from the Daily Official List of the London Stock Exchange adjusted by adding back the amount of any relevant dividend in the relevant period to all prices used in calculating the adjusted market capitalisation which are quoted "ex-dividend".

## **The Depositary**

The Bank of New York Mellon (International) Limited is the Depositary of the Company and, for the avoidance of doubt, acts as the global custodian to the Company.

The Depositary performs safekeeping, cashflow monitoring and oversight services in accordance with the AIFM Directive.

The Depositary has not contractually discharged itself of liability in accordance with Regulation 30 of The Alternative Investment Fund Managers Regulations (SI 2013/1773).

### *Fees*

The fees of the Depositary are payable by the Company exclusive of VAT monthly in arrears. The Company pays the Depositary a flat fee of 0.009% on the Company's net assets per annum.

The Depositary acts as global custodian and may delegate safekeeping to one or more global sub-custodians (such delegation may include the powers of sub-delegation). The Depositary has delegated custody of the Company's assets to The Bank of New York Mellon SA/NV and The Bank of New York Mellon (the "Global Sub-Custodian"). The Global Sub-Custodians may sub-delegate safekeeping of assets in certain markets in which the Company may invest to various sub-delegates ("Sub-Custodians"). At the date of this document, the applicable Sub-Custodians appointed by the Global Sub-Custodians who might be relevant for the purposes of holding the Company's investments are:

Country	Name of Sub-custodian	Regulator
The Netherlands	The Bank of New York Mellon SANV	Financial Services and Markets Authority, Belgium
United States of America	The Bank of New York Mellon, New York	US Securities and Exchange Commission
France	The Bank of New York Mellon SA/NV	The Autorité des Marchés Financiers
The United Kingdom	Depositary and Clearing Centre (DCC) Deutsche Bank AG London Branch	The FCA

The AIFM does not consider that any conflicts of interest arise from the delegation of the Depositary's safekeeping function to the Global Sub-Custodians or the Sub-Custodians.

<p><b><i>Fees</i></b></p> <p>The Global Custodians' safekeeping fees are charged according to the jurisdiction in which the holdings are based. The majority of the Company's assets attract a fee of 0.0033% on their market value. Variable transaction fees are also chargeable.</p>
<p><b>The Auditor</b></p> <p>PricewaterhouseCoopers LLP.</p> <p>The auditor provides audit services to the Company.</p>
<p><b>The Registrar</b></p> <p>Link Group</p> <p>The Registrar maintains the Company's register of members.</p>
<p><b>Prime Brokerage</b></p> <p>No Prime Broker is engaged by the Company.</p>
<p><b>Transfer and re-use of the Company's Assets</b></p> <p>The Depositary may not use or re-use the Company's securities or other investments without the prior consent of the Company.</p>
<p><b>Fees, charges and expenses</b></p> <p>Additional fees payable by the Company to those set out above include; legal fees, auditor fees, registrar's fees, broker commissions, directors' fees and other professional services fees.</p> <p>Shareholders do not bear any fees, charges and expenses directly, other than any fees, charges and expenses incurred as a consequence of acquiring, transferring, redeeming or otherwise selling Ordinary Shares.</p>
<p><b>SHAREHOLDER INFORMATION</b></p>
<p><b>Annual Reports and Accounts</b></p> <p>Copies of the Company's latest annual and half year reports may be accessed on the Company's website: <a href="http://www.finsburygt.com">www.finsburygt.com</a>.</p>
<p><b>Publication of Net Asset Values</b></p> <p>The latest unaudited Net Asset Value per Ordinary Share of the Company may be accessed on the Company's website: <a href="http://www.finsburygt.com">www.finsburygt.com</a>.</p>
<p><b>Valuation Policy</b></p> <p>The Company's portfolio of assets will be valued on each day (a "Dealing Day") on which the London Stock Exchange is open for business. All instructions to issue or cancel Ordinary</p>

Shares given for a prior Dealing Day shall be assumed to have been carried out (and any cash paid or received).

The valuation will be based on the following:

- (a) Cash and amounts held in current and deposit accounts and in other time-related deposits will be valued at their nominal value.
- (b) All transferable securities will be valued at fair value:
  - (i) fair value for quoted investments is deemed to be bid market prices, or last traded price, depending on the convention of the exchange on which they are quoted; and
  - (ii) unquoted investments are valued by the Directors using primary valuation techniques such as discounted multiple of revenue.
- (c) All other property contained within the Company's portfolio of assets will be priced at a value which, in the opinion of the AIFM, represents a fair and reasonable price.
- (d) If there are any outstanding agreements to purchase or sell any of the Company's portfolio of assets which are incomplete, then the valuation will assume completion of the agreement.
- (e) Added to the valuation will be:
  - (i) any accrued and anticipated tax repayments of the Company;
  - (ii) any money due to the Company because of Ordinary Shares issued prior to the relevant Dealing Day;
  - (iii) income due and attributed to the Company but not received; and
  - (iv) any other credit of the Company due to be received by the Company.

Amounts which are de minimis may be omitted from the valuation.

- (f) Deducted from the valuation will be:
  - (i) any anticipated tax liabilities of the Company;
  - (ii) any money due to be paid out by the Company because of Ordinary Shares bought back by the Company prior to the valuation;
  - (iii) the principal amount and any accrued but unpaid interest on any borrowings; and
  - (iv) any other liabilities of the Company, with periodic items accruing on a daily basis.

Amounts which are de minimis may be omitted from the valuation.

All of the Company's investments, save for Frostrow Capital LLP, are listed and are valued at the closing prices. Valuations of Net Asset Value per Ordinary Share will be suspended only in any circumstances in which the underlying data necessary to value the investments of the

Company cannot readily or without undue expenditure be obtained. Any such suspension will be announced to a RIS.

### **Historical performance of the Company**

Details of the Company's historical financial performance are provided in the Company's annual reports and accounts and monthly factsheets, which are available on the Company's website: [www.finsburygt.com](http://www.finsburygt.com).

Investors should note that past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested.

### **Purchases and sales of Ordinary Shares by investors**

The issue of new Ordinary Shares by the Company, either by way of a fresh issue of Ordinary Shares or by way of the sale of Ordinary Shares from treasury, is subject to the requisite Shareholder authorities being in place and all Listing Rule requirements having been met. Ordinary Shares can also be bought in the open market through a stockbroker or other financial intermediary. Ordinary Shares qualify fully for inclusion within tax-efficient ISA wrappers. Further information on how Ordinary Shares may be purchased is set out in the section headed "How to Invest" on the Company's website: [www.finsburygt.com](http://www.finsburygt.com).

The agreement between the Shareholders and the Company for the acquisition of Ordinary Shares is governed by English law and, by purchasing Ordinary Shares, Shareholders agree that the courts of England have exclusive jurisdiction to settle any disputes. All communications in connection with the purchase of Ordinary Shares will be in English.

The UK has acceded to the Hague Convention on Choice of Courts Agreements 2005 (the "Hague Convention") which applies between the EU member states, Montenegro, Denmark, Mexico, Singapore and the UK and provides for the recognition of foreign judgments in respect of contracts which contain an exclusive jurisdiction clause. The UK has also applied to re-join the Lugano Convention 2007 which would permit for the recognition of judgments based on contracts under the laws of member states regardless of whether the contract contains an exclusive or a non-exclusive choice of law clause in the states that are parties to that convention (i.e. EU member states and Iceland, Norway and Switzerland). However, each member of the Lugano Convention (EU, Iceland, Norway and Switzerland) has a veto on the accession of new members and UK accession may not occur.

### **Fair treatment of investors**

The AIFM has procedures, arrangements and policies in place to ensure compliance with the principles more particularly described in the AIFM Directive relating to the fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- acting in the best interests of the Company and of the Shareholders;
- ensuring that the investment decisions taken for the account of the Company are executed in accordance with the Company's investment policy and objective and risk profile;
- ensuring that the interests of any group of Shareholders are not placed above the interests of any other group of Shareholders;
- ensuring that fair, correct and transparent pricing models and valuation systems are used for the Company;

- preventing undue costs being charged to the Company and Shareholders;
- taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of Shareholders; and
- recognising and dealing with complaints fairly.

The AIFM maintains and operates organisational, procedural and administrative arrangements and implements policies and procedures designed to manage actual and potential conflicts of interest.

As at the date of this document, no investor has obtained preferential treatment or the right to obtain preferential treatment.

## **RISK FACTORS**

The principal risks currently facing the Company are set out under the heading “Principal Risks, Emerging Risks and Risk Management” of the latest annual report of the Company, which can be found on the Company’s website [www.finsburygt.com](http://www.finsburygt.com).

## **RISK MANAGEMENT**

### **Risk profile**

In accordance with the AIFM Directive, the AIFM will ensure that the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks in relation to the Company’s portfolio is published in the Company’s latest annual report, which can be found on the Company’s website [www.finsburygt.com](http://www.finsburygt.com).

### **Risk management systems**

The AIFM has established risk management systems in order to manage key risks. Further details regarding the risk management process is available from the AIFM, on request.

### **Liquidity risk management**

The AIFM maintains a liquidity management policy to monitor the liquidity risk of the Company. Shareholders have no right to redeem their Ordinary Shares from the Company but may trade their Ordinary Shares on the secondary market. However, there is no guarantee that there will be a liquid market in the Ordinary Shares.

Further details regarding the liquidity management is available from the AIFM, on request.

In accordance with the AIFM Directive, the AIFM will ensure that the following information in relation to the Company’s portfolio is published in the Company’s annual report, which can be found on the Company’s website [www.finsburygt.com](http://www.finsburygt.com):

- the percentage of the Company’s assets which are subject to special arrangements arising from their illiquid nature; and
- any new arrangements for managing the liquidity of the Company.

**Professional negligence liability risks**

The AIFM maintains professional indemnity insurance at the level required under the AIFM Directive in order to cover potential liability risks arising from professional negligence.

**The manner in which sustainability risks are integrated into the investment decisions of the AIFM**

The AIFM has delegated its portfolio management function to Lindsell Train and therefore does not take any investment decisions on behalf of the Company.

Lindsell Train's long-term investment approach means that the management of sustainability risk forms an important part of the due diligence process they undertake when considering a new holding and when monitoring existing holdings.

When assessing the sustainability risk associated with underlying investments, Lindsell Train is assessing the risk that the value of such underlying investments could be materially negatively impacted by an environmental, social or governance event or condition (an "ESG Event").

Sustainability risk is identified, monitored and managed by Lindsell Train in the following manner:

- Prior to acquiring investments on behalf of a fund, Lindsell Train conducts fundamental analysis on each potential investment in order to allow it to assess the adequacy of the ESG practices of an issuer to manage the sustainability risk it faces. The information gathered from the fundamental analysis conducted will be taken into account by Lindsell Train in deciding whether to acquire a holding in an issuer.
- During the life of the investment, sustainability risk is monitored through the review of ESG data published by the issuer (where relevant) or selected data providers to determine whether the level of sustainability risk has changed since the initial assessment has been conducted. Where the sustainability risk associated with a particular investment has increased beyond the risk appetite for the relevant fund, Lindsell Train will consider selling or reducing the fund's exposure to the relevant investment, taking into account the best interests of the investors of the fund.

**The likely impacts of sustainability risks on the returns of the Company**

Lindsell Train has determined that the sustainability risk (being the risk that the value of the Company could be materially negatively impacted by an ESG Event) faced by the Company is low.