

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 the Alternative Investment Fund Managers Directive (2011/61/EU) ("AIFM Directive") in the United Kingdom. It is made available to investors in the Company by being made available at [www.finsburygt.com](http://www.finsburygt.com).

This document should be viewed in conjunction with the Company's current published prospectus. Capitalised terms in this document shall have the meaning given in the Prospectus unless the context otherwise requires.

Potential investors in the Company's 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

**August 2019**

### IMPORTANT INFORMATION

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

FUND  
3.2.2R(1)(3)

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.

FUND  
3.2.2R(1)(b)(c)

The Company's shares are listed on the premium segment of the Official List of the UK Listing Authority 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, the Disclosure and Transparency Rules, the UK Corporate Governance Code and the Companies Act 2006.

The provisions of the Company's articles of association are binding on the Company and its Shareholders. The articles of association set out the respective rights and restrictions attaching to the Company's 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 English 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 regulations, the Company and its AIFM, Frostrow and their Directors 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 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 Prospectus.

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 Company's 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 its shares.**

#### **No advice**

The Company and its AIFM, Frostrow, and their Directors are not advising any person in relation to any investment or other transaction involving shares in the Company. 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, 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 Ordinary Shares.

**Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.**

#### **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. 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. Accordingly, the shares may not (unless an exemption from such Act or such 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. 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 Act.

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 Strategy

Details of the Company's Investment guidelines are as follows:

- The Company's investment policy is to invest principally in the securities of UK listed companies, whilst up to a maximum of 20% of the Company's portfolio, at the time of acquisition, can be invested in quoted companies outside the UK .
- The portfolio will normally comprise up to 30 investments. This level of concentration may 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 does not and will not invest more than 15%, in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange. Further, the Company does not and will not invest more than 10%, in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange, except where the investment companies themselves have stated investment policies to invest no more than 15% of their gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.
- 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 the Portfolio Manager believes market or economic conditions make equity investment unattractive or while seeking appropriate investment opportunities or to maintain liquidity.
- 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 of the Financial Conduct Authority ("FCA"), the Company can only make a material change to its investment policies with the approval of its shareholders.

### Investment Performance

Whilst performance is measured against the FTSE All-Share Index, the Company's portfolio is constructed and managed without reference to a stock market index, investments being selected only after extensive research by the Portfolio Manager. The Portfolio Manager uses a bottom-up stock picking approach and looks to invest in a universe of excellent listed businesses that appear undervalued. It is the Board's long-term objective, as far as possible, to maintain a progressive dividend policy.

AIFMD 23(1)(a)  
FUND  
3.2.2R(a)(d)(f)

The Board believes that the Company's performance over the last 10 years (net asset total return of 482.62% % compared to a total return from the Company's benchmark index of 167.11% ) demonstrates that it is possible to achieve good performance through investing principally in UK equities without buying and selling portfolio securities on a short term basis. The Company continues to perform competitively because the Portfolio Manager concentrates on the strengths and weaknesses of individual companies.

### **Dividend Policy**

The Company's aim is to increase or at least to maintain the total dividend each year. A first interim dividend is typically paid in May and a second interim in November, in lieu of a final dividend.

The level of dividend growth is dependent upon the growth and performance of the companies within the Investment Portfolio. The decision as to the level of dividend paid takes into account the income forecasts maintained by the Company's AIFM and Portfolio Manager which are reviewed regularly by the Board. These forecasts consider dividends earned from the portfolio together with predicted future earnings.

All dividends are distributed from revenue reserve.

### **Leverage**

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

FUND  
3.2.2R(g)(i)(j)

The Company has a secured multicurrency revolving credit facility of £75 million with an additional accordion exercise option of £25 million for a fixed term expiring in October 2019.

FUND 3.2.2R(h)

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 is published in the Company's annual report and audited accounts, 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.

FUND  
3.2.3R(17)

### **Investment techniques**

The investment process adopted by the Company's portfolio manager, Lindsell Train is underpinned by a focus on long term investments and total return as a prerequisite for stock selection.

AIFMD  
23(1)(a)  
FUND  
3.2.2R(1)(e)

The process seeks to add value by establishing large holdings in a limited number of predominantly UK companies - the Company's portfolio normally comprises approximately 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

<ul style="list-style-type: none"> <li>• low capital intensity/high free cash flow generation: companies that do not have to make heavy balance sheet investment to generate earnings growth.</li> </ul> <p>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.</p> <p>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.</p> <p>Any change in investment strategy or investment policy which does not amount to a material change to our published investment policy may be made by the Company without Shareholder approval.</p> <p>Frostrow may amend the information set out in this document from time to time.</p>	<p>AIFMD 23(1)(b)</p> <p>FUND 3.2.2R(2)</p>
<b>ADMINISTRATION AND MANAGEMENT OF THE COMPANY</b>	
<p><b>The AIFM</b></p> <p>Frostrow Capital LLP.</p> <p>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.</p>	<p>AIFMD 23(1)(f)</p> <p>FUND 3.2.2R(4)</p> <p>FUND 3.2.2R(6)(a)(c)(d)</p>
<p><b>Fees</b></p> <p>Frostrow Capital LLP will receive an annual fee of</p> <p>(i) 0.15 per cent. 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;</p> <p>(ii) 0.135 per cent. 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</p> <p>(iii) 0.12 per cent. per annum of the amount of the Adjusted Market Capitalisation (calculated in accordance with the AIFM Agreement) that is greater than £2 billion.</p>	<p>FUND 3.2.2R(9)</p>
<p><b>The Portfolio Manager</b></p> <p>Lindsell Train Limited.</p> <p><b>Fees</b></p> <p>Lindsell Train Limited will receive an annual fee of</p> <p>(i) 0.45 per cent. Per annum of the amount of the Adjusted Market Capitalisation (calculated in accordance with the Portfolio Management Agreement) that is equal to or less than £1 billion;</p> <p>(ii) 0.405 per cent. 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</p> <p>(iii) 0.36 per cent. per annum of the amount of the Adjusted Market Capitalisation (calculated in accordance with the Portfolio Management Agreement) that is greater than £2 billion.</p>	<p>FUND 3.2.2R(4)</p> <p>FUND 3.2.2R(9)</p>

**The Depository**AIFMD 23(1)(d)  
FUND 3.2.2R(4)

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

The Depository is a private company limited by shares incorporated in England and Wales on 9 August 1996. Its ultimate holding company is The Bank of New York Mellon Corporation, a public company incorporated in the United States. Its registered and head office address is One Canada Square, London, E14 5AL.

The principal business activity of the Depository is the provision of custodial, banking and related financial services. The Depository is authorised by the Prudential Regulation Authority and is dual-regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Depository performs safekeeping, cashflow monitoring and oversight services in accordance with the AIFM Directive and all applicable rules and regulations implementing the AIFM Directive in the UK (the "AIFM Rules").

AIFMD 23(2)  
FUND  
3.2.2R(6)(b)(c)(d)

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

**Fees**

FUND 3.2.2R(9)

The fees of the Depository are payable by the Company exclusive of VAT monthly in arrears. The Company pays a flat fee of 0.009% on net assets.

FUND  
3.2.2R(6)(b)(d)

The Depository 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 Depository 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. At the date of this document, the applicable sub-custodians appointed by the Global Sub-Custodian who might be relevant for the purposes of holding the Company's investments are:

<i>Country</i>	<i>Name of sub-custodian</i>	<i>Regulator</i>
The Netherlands	The Bank of New York Mellon SA/NV	Financial Services and Markets Authority, Belgium
Euromarket	Euroclear Bank	The Autorité des Marchés Financiers
Canada	CIBC Mellon Trust Company	Canadian Securities Administrators
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	Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch	The Financial Conduct Authority
	The Bank of New York Mellon, New York	US Securities and Exchange Commission
<p>The AIFM does not consider that any conflicts of interest arise from the delegation of the Depository's safekeeping function to the Global Sub-Custodian.</p> <p><i>Fees</i></p> <p>The Global Custodian's 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>		FUND 3.2.2R(4)
<p><b>The Registrar</b></p> <p>Link Asset Services</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>		FUND 3.2.2R(16)
<p><b>Transfer and reuse of the Company's Assets</b></p> <p>The Depository 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, professional services fees and expected expenses.</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>		FUND 3.2.2R(9)

<b>SHAREHOLDER INFORMATION</b>	
<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>AIFMD 23(1)(k) FUND 3.2.2R(14)</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>AIFMD 23(1)(m) FUND 3.2.2R(13)</p>
<p><b>Valuation Policy</b></p> <p>The Company's portfolio of assets will be valued on each Dealing Day. All instructions to issue or cancel Ordinary Shares given for a prior Dealing Day shall be assumed to have been carried out (and any cash paid or received).</p> <p>The valuation will be based on the following:</p> <p>(a) Cash and amounts held in current and deposit accounts and in other time-related deposits will be valued at their nominal value.</p> <p>(b) All transferable securities will be valued at fair value:</p> <p style="padding-left: 20px;">(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</p> <p style="padding-left: 20px;">(ii) unquoted investments are valued by the Directors using primary valuation techniques such as discounted multiple of revenue.</p> <p>(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.</p> <p>(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.</p> <p>(e) Added to the valuation will be:</p> <p style="padding-left: 20px;">(i) any accrued and anticipated tax repayments of the Company;</p> <p style="padding-left: 20px;">(ii) any money due to the Company because of Ordinary Shares issued prior to the relevant Dealing Day;</p> <p style="padding-left: 20px;">(iii) income due and attributed to the Company but not received; and</p> <p style="padding-left: 20px;">(iv) any other credit of the Company due to be received by the Company.</p> <p>Amounts which are de minimis may be omitted from the valuation.</p> <p>(f) Deducted from the valuation will be:</p>	<p>AIFMD 23(1)(g) FUND 3.2.2R(7)</p>



<ul style="list-style-type: none"> <li>(i) any anticipated tax liabilities of the Company;</li> <li>(ii) any money due to be paid out by the Company because of Ordinary Shares bought back by the Company prior to the valuation;</li> <li>(iii) the principal amount and any accrued but unpaid interest on any borrowings; and</li> <li>(iv) any other liabilities of the Company, with periodic items accruing on a daily basis.</li> </ul> <p>Amounts which are de minimis may be omitted from the valuation.</p> <p>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 Regulatory Information Service.</p>	
<p><b>Historical performance of the Company</b></p> <p>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: <a href="http://www.finsburygt.com">www.finsburygt.com</a>.</p> <p>Investors should note that past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested.</p>	<p>FUND 3.2.2R(15)</p>
<p><b>Purchases and sales of Ordinary Shares by investors</b></p> <p>The Company's shares are admitted to the Official List of the UKLA and to trading on the main market of the London Stock Exchange. Accordingly, the Company's shares may be purchased and sold on the main market of the London Stock Exchange.</p> <p>New Ordinary Shares may be issued only at a premium to Net Asset Value, at the Board's discretion. The minimum subscription pursuant to the Placing Programme is 25,000 shares or such lower amount as agreed by the Company from time to time.</p> <p>The procedure and conditions for the issue of the Company's shares is contained in the Prospectus.</p> <p>While the Company will typically have shareholder authority to buy back shares, shareholders do not have the right to have their shares purchased by the Company.</p> <p>The agreement between the Shareholders and the Company for the acquisition of Ordinary Shares under the Placing Programme 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. A foreign judgment obtained in an EU member state may be recognised and enforced in England pursuant to Council Regulation (EC) 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. A judgment which has been certified as a European Enforcement Order pursuant to Regulation (EC) 805/2004 may also be recognised and enforced in England.</p>	<p>AIFMD 23(1)(l) FUND 3.2.2R(12)</p> <p>FUND 3.2.2R(3)</p>

**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 Rules 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. In addition, as its shares are admitted to the Official List, the Company is required to comply with, among other things, the FCA's Listing Rules and Disclosure and Transparency Rules and the Takeover Code, all of which operate to ensure a fair treatment of investors.

In particular, as directors of a company incorporated in the United Kingdom, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

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

The Company's shares rank *Pari Passu*.

**RISK FACTORS**

Existing and prospective investors should consider carefully the following risk factors. If any of the risks described below were to occur, it could have a material effect on the Company's business or financial condition or the results of its operations. Additional risks not currently known to the Company, or that the Company currently believes are not material, may also adversely affect its business, its financial condition and the results of its operations. The value of the Company's shares could go down due to any of these risk factors, and investors could lose part or all of their investment.

AIFMD 23(1)(j)  
FUND  
3.2.2R(10)

FUND  
3.2.2R(11)

FUND  
3.2.2R(1)(e)

## 1. The Company and its Ordinary Shares

The Company is an investment trust. Investment trusts aim to generate returns for Shareholders by investing in other companies. As an investment trust may invest in a range of different companies and sectors, it may represent a method for investors to gain a diversified investment exposure. However, prospective investors should be aware of certain factors which apply to the Company and to investment trusts generally.

The price of Ordinary Shares in an investment trust is determined by the interaction of supply and demand for such Ordinary Shares in the market as well as the Net Asset Value per Ordinary Share. The Ordinary Share price can therefore fluctuate and may represent a discount to the Net Asset Value per Ordinary Share. This discount is itself variable as conditions for supply and demand change. This can mean that the Company's share price may go down as well as up and the Ordinary Share price can fall when the Net Asset Value per Ordinary Share rises, or vice versa. There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value.

The presence of competing investment products in the future may reduce demand for Ordinary Shares in the Company and hence reduce or eliminate the premium to Net Asset Value per Ordinary Share at which the Company's shares currently trade.

The Board has, since 2 April 2004, adopted an active discount management policy, buying back for cancellation or into treasury shares available in the market at discounts of at least 5 per cent. to the ex income Net Asset Value per Ordinary Share. However, the discount management policy is at the absolute discretion of the Board and there is no guarantee that any buybacks of Ordinary Shares will be made or that the policy will be successful.

The price of Ordinary Shares in an investment trust may also represent a premium to the Net Asset Value per Ordinary Share. Investors purchasing the Company's shares at a premium to Net Asset Value per Ordinary Share may not, in the event of a winding up of the Company, realise the full extent of their purchase price. The Company usually issues Ordinary Shares with a view, inter alia, to limiting the premium to Net Asset Value, but such issues are at the absolute discretion of the Board and there is no guarantee that the Company's shares, or its Ordinary Shares in the market, will be available at prices close to Net Asset Value per Ordinary Share.

Market liquidity in the Ordinary Shares of investment trusts is frequently inferior to the market liquidity of Ordinary Shares issued by larger companies traded on the London Stock Exchange. Although it is expected that the Company's shares will be traded on the London Stock Exchange's market for listed securities, it is possible that there may not be a liquid market in the Company's shares and Shareholders may have difficulty in selling the Company's shares.

As past performance is not necessarily a guide to future performance and the value of an investment in the Company, and the income derived from it, if any, may go down as well as up, there can be no guarantee that the investment objectives of the Company will be met. Therefore investors may not get back the full value of their investment.

If under UK law there were to be a change to the basis on which dividends could be paid by companies, this could have a negative effect on the Company's ability to pay dividends.

## 2. Portfolio

The Company's investment portfolio typically comprises approximately 30 investments. This level of concentration may lead to an investment return which is materially different from the Company's benchmark index and may be considered to carry above average risk.

The investment portfolio is mainly focussed on the financial services, consumer staples, technology and media sectors and the performance of the investment portfolio may therefore deliver a return which is materially different to that of the benchmark index, particularly if a specific event or events affects one or more of these sectors.

The investment portfolio includes investment in preference shares, which are illiquid and may be difficult to realise in the form of cash.

A proportion of the Company's portfolio may be held in cash from time to time. Such proportion of the Company's assets will be out of the market and will not benefit from positive stock market movements, if any.

Movements in exchange rates could adversely affect the Company's financial performance. Currently certain of the Company's investments are not denominated in sterling. The return to Shareholders will be affected by changes in the value of sterling to those foreign currencies in which certain investments are held.

### 3. Borrowings

Prospective investors should be aware that, whilst the use of borrowings should enhance the Net Asset Value of the Company's shares where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. This may further increase the volatility of the Net Asset Value per Ordinary Share.

### 4. Key Individuals

The Company is substantially dependent on the services of Nick Train, a director of the Company's portfolio manager Lindsell Train Limited, for the implementation of the Company's investment policy. The loss of the services of Nick Train could have an adverse effect on the Company's performance.

### 5. Taxation

The levels of, and reliefs from, taxation may change.

Any change in the Company's tax status, including failure to satisfy the conditions to qualify as an investment trust under Chapter 4 of Part 24 Corporation Tax Act 2010, any change in taxation legislation or any change causing the Company to be treated as tax resident in a jurisdiction other than the United Kingdom could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders, or alter the post-tax returns to such shareholders.

### 6. Economic Conditions

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely or favourably affect the Company's prospects and the value of the Company's portfolio.

### 7. Accounts

The Company currently prepares its accounts in accordance with UK Company Law, FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland' and under the historical cost convention, except for the measurement at fair value of investments and in accordance with UK generally accepted accounting practice ("GAAP") and the Statement of Recommended Practice for Financial Statements of investment Trust Companies issued by the

Association of Investment Trust Companies (“SORP”) and intends to continue doing so. Both UK GAAP and the SORP are subject to change and this may have an affect on the Company’s calculation of Net Asset Value. Changes in the accounting policies of the Company could adversely affect Shareholders.

#### 8. Operational and Regulatory Risk

Failure to qualify as an Investment Trust under the terms of section 1158 of the Corporation Tax Act 2010 may lead to the Company being subject to corporation tax on its capital profits. Control failures, either by the AIFM, the Portfolio Manager or any other of the Company’s service providers, may result in operational and/or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.

The regulatory environment for investment funds and the managers of investment funds is evolving. Any change in the laws and regulations affecting the Company, or in the laws and regulations affecting companies or investment companies incorporated in Scotland generally, including any change enacted by the Scottish Parliament following any future transfer of powers to that Parliament or any change in the regulations affecting investment funds or investment fund managers generally may have a material adverse effect on the ability of the Company and the AIFM to carry on their respective businesses which in turn could have a material adverse effect on the Company’s performance and returns to holders of Ordinary Shares.

#### 9. Interest Rates

The Company borrows in sterling at floating rates of interest and hence is exposed to the risk that its cashflow will change due to movements in prevailing interest rates. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis.

The Company also invests in fixed rate preference shares which are exposed to movements in their fair value arising from changes in interest rates.

### **RISK MANAGEMENT**

#### **Risk profile**

In accordance with the AIFM Rules, 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 annual report and audited accounts, which can be found on the Company’s website [www.finsburygt.com](http://www.finsburygt.com).

FUND  
3.2.2R(17),  
3.2.5R(3)  
Level 2, 108(4),  
Level 2, 39(1)(b)

#### **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.

FUND  
3.2.2R(17),  
3.2.5R(3)

#### **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.

AIFMD 23(h)  
FUND 3.2.2R(8)

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

<p>In accordance with the AIFM Rules, the AIFM will ensure that the following information in relation to the Company's portfolio is published in the Company's annual report and audited accounts, which can be found on the Company's website <a href="http://www.finsburygt.com">www.finsburygt.com</a>:</p> <ul style="list-style-type: none"> <li>• the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature; and</li> <li>• any new arrangements for managing the liquidity of the Company.</li> </ul>	<p>FUND 3.2.5R(1)(2)</p>
<p><b>Professional negligence liability risks</b></p> <p>The AIFM maintains professional indemnity insurance at the level required under the AIFM Rules in order to cover potential liability risks arising from professional negligence.</p>	<p>AIFMD 23(1)(e) FUND 3.2.2R(5)</p>