

Finsbury Growth & Income Trust PLC



Portfolio Manager

Nick Train

LINDSELL TRAIN



Fund Information as at 31 January 2017

www.finsburygt.com

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Investment Objective and Benchmark Index

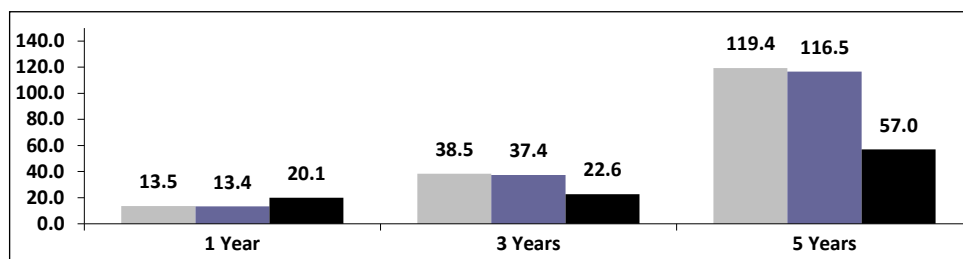
Finsbury Growth & Income Trust PLC invests principally in the securities of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of its benchmark, the FTSE All-Share Index (net dividends reinvested).

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	0.3
Share Price	25.4	35.1	5.9	12.4	12.6	-0.2
Index *	12.3	20.8	1.2	1.0	16.8	-0.3

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

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

Commentary

In January, the NAV was up 0.3% on a total return basis, the share price was down 0.2% while the index was down 0.3%.

This was a wild month for the strategy, with big moves both up and down, just about cancelling each other out. Of course we are mortified by the biggest loss of value in January – that of Pearson. Here we wait for the final results next month, when we will be looking for reassurance about cash flow and any evidence it can table about the success of its new digital products. Any future recovery in the shares hinges on the emergence of high-margin, annually recurring digital subscription revenues, which must eventually replace analogue text book sales. But there were other hits too. Daily Mail fell 11% and Sage 6% - as respective trading updates raised questions about the impact of technology change on these companies (milder versions of the challenges faced by Pearson). We know all three companies are fully alert to these challenges and we support the strategies they have adopted. In each case to embrace digital, even at short term cost to their legacy business. On the other hand there were nice gains in several major holdings. Burberry and Hargreaves Lansdown rose 10% and 12% respectively – both still recovering from relatively long periods of being out of favour with investors. Hargreaves was down 20% in 2016, for instance. LSE was up 8% to new all-time highs, as we approach decision day on the merger with the German exchange. Your guess is as good as ours, but our steady buying of LSE stock in 2016 has now made this one of the biggest positions in the strategy. Diageo was up over 4% too, as its interim results exceeded analyst expectations.

Unilever fell on its final results. We think investors' disappointment here is a clear case of looking a gift horse in the mouth. Revenue growth of 3% produced earnings up 5% and a dividend increase of 6% (in euros; Unilever's 2016 dividend was up 20% in sterling terms). In the meantime the company generated a near record £4.8bn of cash, the same as 2015 and getting on for 50% more than a few years ago. These achievements should be considered in the context of two factors. First, that two of Unilever's most important and sizeable markets – India and Brazil – had a very tough 2016. Of course an investor would prefer those important markets to be booming. But the very fact that the company has these strategic positions in these populous economies is a wonderful promise of future growth. Remember too, Unilever owns 12 of the 50 top global FMCG brands, compared to its nearest rival speaking for no more than 7. This is a very robust equity asset. Second and more generally, we still think investors forget how low inflation remains and how low it is likely to remain. UK inflation in 2016 was little more than 1%. This means that Unilever's real growth rates – let's say of 4 and 5% respectively for earnings and dividends are high by historic standards. Long-term real dividend growth in the US runs at 1.5-2.0% for the market as a whole. High real growth from a company of Unilever's calibre – still offering a dividend yield double that of a long-dated gilt – looks great to us.

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

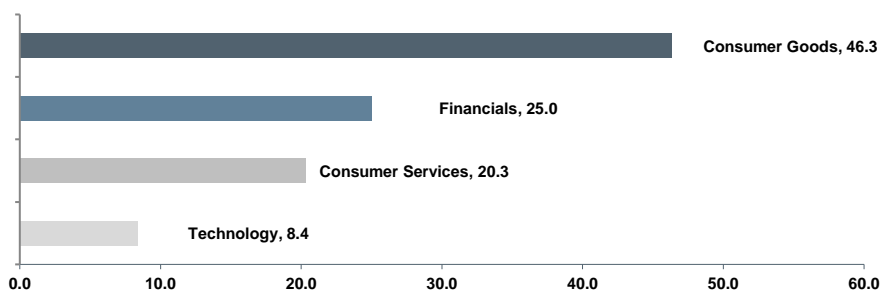
The Directors have adopted an active discount management policy to establish and support an improved rating in the Company's shares through the use of share buybacks, with a view to limiting the discount to NAV per share at which the shares trade to no more than 5%. Shares bought back may be held in 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 31 January 2017 (% of total investments)

Name	Sector	Total
Diageo	Consumer Goods	10.0
RELX	Consumer Services	9.5
Unilever	Consumer Goods	9.0
London Stock Exchange	Financials	8.5
Burberry Group	Consumer Goods	7.4
Hargreaves Lansdown	Financials	6.9
Schroders	Financials	6.3
Heineken	Consumer Goods	6.0
Sage Group	Technology	5.6
Mondelez Int.	Consumer Goods	4.5
Total		73.7

Sector Breakdown as at 31 January 2017 (%)



Share Price Total Return on £100 (£) as at 31 January 2017

1 year	113.4
3 years	137.4
5 years	216.5

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

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Jan 12- Jan 13	Jan 13- Jan 14	Jan 14- Jan 15	Jan 15- Jan 16	Jan 16- Jan 17
NAV	29.7	22.2	17.4	4.0	13.5
Share Price	27.8	23.3	16.5	4.1	13.4
Index	16.3	10.1	7.1	-4.6	20.1

Awards

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
Money Observer Rated Fund 2015
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 advertorial, 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 31 January 2017

Launch Date	1926
Annual Management Fee (payable by the company) †	
Ongoing charges*	0.7%
Year / interim end	30 September/ 31 March
Capital Structure	149,610,712 Ordinary shares of 25p

Trust Characteristics

Number of Holdings	25
Net Assets (£m)	£968.2m
Market Capitalisation (£m)	£971.0m
Dividend Per Share**	13.1p
Current Net Yield	2.0%
Gearing (AIC basis)	3%
Leverage***	
Gross & Commitment	103%
Share Price (p)	649.00
NAV (p) (cum income)	647.18
Premium / (Discount) to NAV (p)	0.3%

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 11 May 16 : (Year ended Sep 16) 6.1p

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 following the date at which the company's market capitalisation attains a level of £1 billion.

How to Contact Us

Frostrow Capital LLP

25 Southampton Buildings
 London, WC2A 1AL
 Tel.: 0203 008 4910
 Fax: 0203 043 8889
 Website: www.frostrow.com

Grant Challis

Tel.: 0203 008 4912
grant.challis@frostrow.com

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