

# Finsbury Growth & Income Trust PLC



Portfolio Manager

Nick Train

LINDSELL TRAIN



Fund Information as at 31 July 2016

[www.finsburygt.com](http://www.finsburygt.com)

@FinsburyGT

## Investment Objective and Benchmark Index

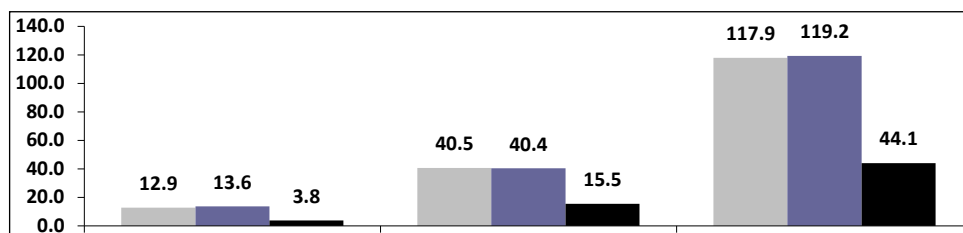
Finsbury Growth & Income Trust PLC invests principally in the securities of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of its benchmark, the FTSE All-Share Index (net dividends reinvested).

## 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	2011	2012	2013	2014	2015	YTD
NAV	3.7	23.6	35.1	6.9	11.7	11.2
Share Price	4.1	25.4	35.1	5.9	12.4	11.4
Index *	-3.5	12.3	20.8	1.2	1.0	8.5

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

\* Index source: FTSE International Limited ("FTSE") © FTSE 2016

## Commentary

In July, the NAV was up 5.8% on a total return basis, the share price was up 8.2% while the index was up 4.0%.

Nearly a third of the portfolio, by number of holdings, saw double digit share price gains last month. These were Burberry, Daily Mail, Sage, LSE (actually up 9.6%), Schroders, Fidessa and A G Barr. Meanwhile the big 3 "defensive" names, all near 10% of the total – Diageo, Reed and Unilever – were muted after their resilience in June. Unilever actually fell by just over 1%, despite satisfactory results. Of course prices and expectations are all over the place after the initial explosion of post-Brexit market action. Investors assume something important has changed, but are not quite clear what, or the ramifications. Many of the portfolio holdings have reported results over the last 6 weeks, up to and for the purposes of this note the 1st August. Here are the most recent dividend increases, compared to the comparable payment this time last year. Burberry +5%, Diageo +4.8%, Fidessa +9%, Greene King +8%, Heineken +18%, Pearson unchanged, Rathbone unchanged, Reed +38.5%, Remy +4.5%, Schroders unchanged and Unilever +27%. The Reed and Unilever dividend increases – though very welcome - are flattered by being declared in Euros. Of the "dividend maintainers" Rathbone and Schroders often leave their interim dividends unchanged, waiting to see how their full years turn out. But it must be said both companies observed that uncertainty in the run up to the referendum had hit their asset gathering. Anecdotally the quantum of cash sitting on the side lines – and Rathbone clients hold record amounts of the stuff – promises better flow activity into the last quarter of 2016. Over all these dividend progressions, at a time of effectively zero inflation, look very attractive to us.

Bloomberg pointed out that at the end of July the top 5 companies in the world by market capitalisation were all US tech names. And that this was the first time this had been true, even including the 1999/2000 episode. This is why I say above that so far as global stock markets are concerned, Brexit changes little or nothing. The direction and valuation of markets is increasingly determined by new technologies, new industries and new companies. Getting this right will be a big headache, but also presents wonderful opportunity.

## 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 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 have an above-market dividend yield. 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

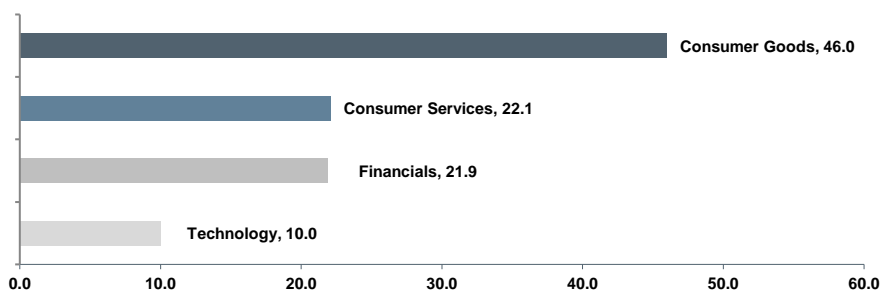
The Directors have adopted an active discount management policy to establish and support an improved rating in the Company's shares through the use of share buybacks, with a view to limiting the discount to NAV per share at which the shares trade to no more than 5%. Shares bought back may be held in 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 July 2016 (% of total investments)

Name	Sector	Total
Unilever	Consumer Goods	9.8
Relx	Consumer Services	9.6
Diageo	Consumer Goods	9.5
London Stock Exchange	Financials	7.0
Sage Group	Technology	6.8
Heineken	Consumer Goods	6.7
Hargreaves Lansdown	Financials	5.9
Burberry Group	Consumer Goods	5.9
Schroders	Financials	5.6
Mondelez Int.	Consumer Goods	4.4
<b>Total</b>		<b>71.2</b>

## Sector Breakdown as at 31 July 2016 (%)



## Share Price Total Return on £100 (£) as at 31 July 2016

1 year	113.6
3 years	140.4
5 years	219.2

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

## Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Jul 11-Jul 12	Jul 12-Jul 13	Jul 13-Jul 14	Jul 14-Jul 15	Jul 15-Jul 16
NAV	9.7	41.4	3.7	20.1	12.9
Share Price	11.4	40.3	3.7	19.1	13.6
Index	0.4	24.3	5.6	5.4	3.8

## Awards

**Winner: What Investment Trust 2016**, Best UK Investment Trust  
**Winner: Moneywise, Investment Trust Of The Year Awards 2015, 2016**  
 Category: UK Equity Income  
**Winner: Money Observer 2015**, Highly Commended: Best UK Equity Trust  
**Money Observer Rated Fund 2015**  
**Winner: Investment Week, Investment Trust Of The Year Awards 2015**  
 Category: UK 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.

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## Fast Facts

As at 31 July 2016

<b>Launch Date</b>	1926
<b>Annual Management Fee</b> (payable by the company) 0.60% of the market capitalisation plus £70,000	
<b>Ongoing charges*</b>	0.8%
<b>Year / interim end</b>	30 September/ 31 March
<b>Capital Structure</b>	138,773,212 Ordinary shares of 25p

## Trust Characteristics

<b>Number of Holdings</b>	25
<b>Net Assets (£m)</b>	£896.9m
<b>Market Capitalisation (£m)</b>	£902.7m
<b>Dividend Per Share**</b>	12.7p
<b>Current Net Yield</b>	2.0%
<b>Gearing (AIC basis)</b>	3%
<b>Leverage***</b>	
<b>Gross &amp; Commitment</b>	103%
<b>Share Price (p)</b>	650.50
<b>NAV (p) (cum income)</b>	646.30
<b>Premium / (Discount) to NAV (p)</b>	0.7%

## Codes

<b>Sedol</b>	0781606
<b>ISIN</b>	GB0007816068
<b>Bloomberg</b>	FGT LN
<b>Epic</b>	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 paid 12 Nov 15 ;(Year ended Sep 15) 6.6p

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

## How to Contact Us

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