

# Finsbury Growth & Income Trust PLC



Portfolio Manager

Nick Train

LINDSELL TRAIN



Fund Information as at 31 March 2017

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

[@FinsburyGT](https://twitter.com/FinsburyGT)

## Investment Objective and Benchmark Index

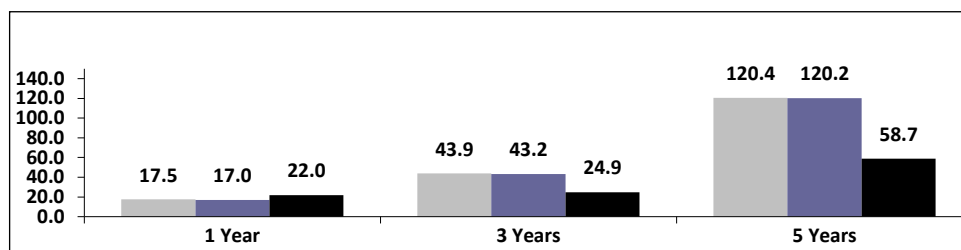
Finsbury Growth & Income Trust PLC invests principally in the securities of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of its benchmark, the FTSE All-Share Index (net dividends reinvested).

## 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 | 2012 | 2013 | 2014 | 2015 | 2016 | YTD |
|-------------------|------|------|------|------|------|-----|
| NAV               | 23.6 | 35.1 | 6.9  | 11.7 | 12.5 | 7.4 |
| Share Price       | 25.4 | 35.1 | 5.9  | 12.4 | 12.6 | 6.5 |
| Index *           | 12.3 | 20.8 | 1.2  | 1.0  | 16.8 | 4.0 |

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

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

## Commentary

In March, the NAV was up 1.8% on a total return basis, the share price was up 1.2% while the index was up 1.2%.

Six months ago we assumed that any eventual failure of the proposed LSE/DB merger would have resulted in a marked decline in LSE's shares. Nonetheless we added to our holding throughout the second half of 2016 and into this year, thinking that the risk/reward favoured the deal going through and in the knowledge that LSE was and remains a unique and valuable asset. Here we are, though, with the merger busted (in what we can only describe as an act of self-harm by the European competition authorities – don't they want European financial institutions to be able to compete with emerging global liquidity providers?) and LSE's shares have actually gone better – hitting new all-time highs. At £32 today, LSE is 10x higher than it was at its low of the century, back in 2003. What an amazing increase in value for a business founded over two centuries ago! Note that the dividend is also up more than 10-fold since 2003. We're not generally subscribers to any cult of the visionary chief executive, particularly when that vision involves a relatively rapid succession of "visionary" acquisitions. But we must acknowledge that Xavier Rolet's vision for LSE and his ability to raise finance for and close transformative deals has – to date – added much strategic value to what was already a strategically attractive franchise. On behalf of our clients we are grateful for his acumen and look forward to what comes next.

Three smaller holdings rose 10% or more. Remy, A. G. Barr and Celtic. Each of these is a unique and valuable franchise or set of brands too. And with each we have been able to accumulate stock over the last 18 months at relatively depressed levels. Remy is our newest holding – with the position initiated in August 2015. Since then the continued "commoditisation" of various mainstream beverage and other consumer brands has encouraged us to put an even higher value on Remy's super-premium cognac assets. Every major spirits company we know of would like to have a higher proportion of its revenues in the luxury category – and Remy must have the highest weighting here of any.

Barr's announcement of a share buyback with its recent results (and another 9% dividend increase) reinforces our regard for the rationality and great competence of Barr's board. As an occasional user of Barr's iconic IRN-BRU – generally I crave one after a long day on the Scottish Hills – I expressed concern that the reduction in Bru's sugar content the company has just announced might reduce the utility and pleasure of the product. Management's response was – you'll just have to buy two bottles to get the same hit Nick. Cynical but brilliant.

Celtic is up over 30% in 2017 and has now broadly trebled since we began to build this investment many years ago. The shares went up coincident with vague rumours that Real Madrid is militating for the establishment of a true pan-European league of leading clubs. We have no idea about the validity of this, but note that in our Global Fund Juventus is also one of the best performing stocks in 2017, up over 60% in that case. Perhaps the value gap between European and US sports franchises is beginning to narrow, or to be arbitrated?

## 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

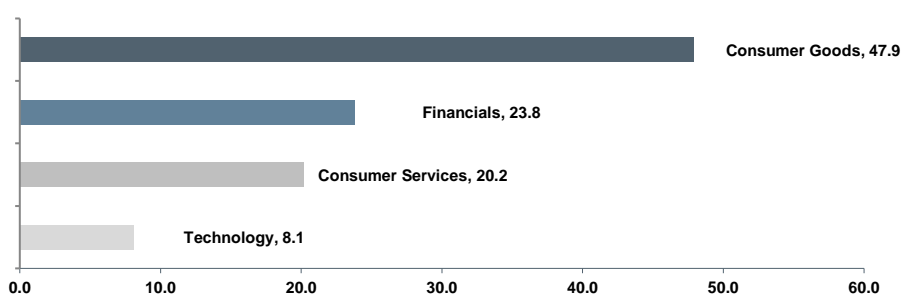
The Directors have adopted an active discount management policy to establish and support an improved rating in the Company's shares through the use of share buybacks, with a view to limiting the discount to NAV per share at which the shares trade to no more than 5%. Shares bought back may be held in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

| Name                  | Sector            | Total       |
|-----------------------|-------------------|-------------|
| Unilever              | Consumer Goods    | 10.2        |
| RELX                  | Consumer Services | 9.7         |
| Diageo                | Consumer Goods    | 9.6         |
| London Stock Exchange | Financials        | 7.9         |
| Burberry Group        | Consumer Goods    | 7.3         |
| Heineken              | Consumer Goods    | 6.3         |
| Hargreaves Lansdown   | Financials        | 6.2         |
| Schroders             | Financials        | 6.1         |
| Sage Group            | Technology        | 5.3         |
| Mondelez Int.         | Consumer Goods    | 4.9         |
| <b>Total</b>          |                   | <b>73.5</b> |

## Sector Breakdown as at 31 March 2017 (%)



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

|         |       |
|---------|-------|
| 1 year  | 117.0 |
| 3 years | 143.2 |
| 5 years | 220.2 |

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

## Standardised Discrete Performance (%)

| Percentage Growth 12 Month Return | Mar 12-Mar 13 | Mar 13-Mar 14 | Mar 14-Mar 15 | Mar 15-Mar 16 | Mar 16-Mar 17 |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| NAV                               | 34.0          | 14.3          | 16.4          | 5.2           | 17.5          |
| Share Price                       | 35.3          | 13.7          | 17.0          | 4.6           | 17.0          |
| Index                             | 16.8          | 8.8           | 6.6           | -3.9          | 22.0          |

## 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 document, you should satisfy yourself as to its suitability and the risks involved, and you may wish to consult a financial adviser.

www.finsburygt.com @FinsburyGT

## Fast Facts

As at 31 March 2017

|   |                                       |
|---|---------------------------------------|
| <b>Launch Date</b>                                      | 1926                                  |
| <b>Annual Management Fee</b> (payable by the company) † |                                       |
| <b>Ongoing charges*</b>                                 | 0.7%                                  |
| <b>Year / interim end</b>                               | 30 September/<br>31 March             |
| <b>Capital Structure</b>                                | 151,245,712 Ordinary shares<br>of 25p |

## Trust Characteristics

|  |           |
|--|-----------|
| <b>Number of Holdings</b>              | 25        |
| <b>Net Assets (£m)</b>                 | £1,048.2m |
| <b>Market Capitalisation (£m)</b>      | £1,047.4m |
| <b>Dividend Per Share**</b>            | 13.1p     |
| <b>Current Net Yield</b>               | 1.9%      |
| <b>Gearing (AIC basis)</b>             | 3%        |
| <b>Leverage***</b>                     |           |
| <b>Gross &amp; Commitment</b>          | 103%      |
| <b>Share Price (p)</b>                 | 692.50    |
| <b>NAV (p) (cum income)</b>            | 693.06    |
| <b>(Discount) / Premium to NAV (p)</b> | (0.8%)    |

## Codes

|                                |                      |
|--------------------------------|----------------------|
| <b>Sedol</b>                   | 0781606              |
| <b>ISIN</b>                    | GB0007816068         |
| <b>Legal Entity Identifier</b> | 213800NN4ZKX2LG1GQ40 |
| <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 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 1<sup>st</sup> 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](http://www.frostrow.com)

### Grant Challis

Tel.: 0203 008 4912  
[grant.challis@frostrow.com](mailto:grant.challis@frostrow.com)

This financial promotion is issued by Frostrow Capital LLP which is authorised and regulated by the Financial Conduct Authority ("FCA").

\*\*"FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and / or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

