

Finsbury Growth & Income Trust PLC



Portfolio Manager

Nick Train

LINDSELL TRAIN



Fund Information as at 31 October 2016

www.finsburygt.com

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Investment Objective and Benchmark Index

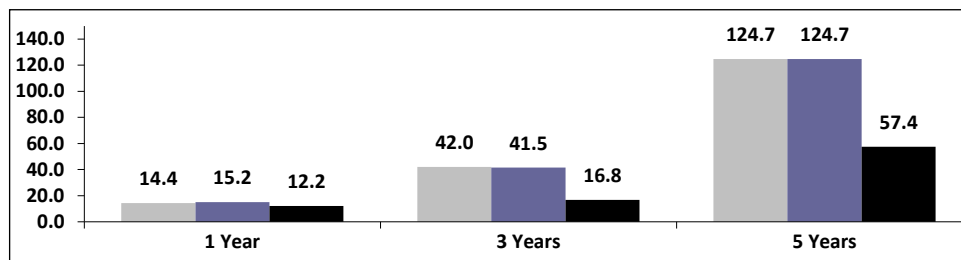
Finsbury Growth & Income Trust PLC invests principally in the securities of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of its benchmark, the FTSE All-Share Index (net dividends reinvested).

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	2011	2012	2013	2014	2015	YTD
NAV	3.7	23.6	35.1	6.9	11.7	13.0
Share Price	4.1	25.4	35.1	5.9	12.4	13.0
Index *	-3.5	12.3	20.8	1.2	1.0	13.0

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

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

Commentary

In October, the NAV was up 0.7% on a total return basis, the share price was up 0.3% while the index was up 0.6%.

According to the Bloomberg M&A ticker October saw 3,246 global corporate transactions, amounting to an aggregate value of \$595bn. The deals were done at an average premium to market of 19% and makes October the 4th biggest month for M&A in history. We think that we are still in the midst of a fecund period for global deal-making, with companies choosing M&A to respond to the threats and opportunities presented by globalisation and technology change. Acquisition and consolidation bring geographic expansion, technology transfer and economies of scale and it is cheaper to buy undervalued quoted assets than it is to build them ab initio.

A review of October's standout transactions reveals what companies think is important in this period of financial history. The BAT \$58bn bid for Reynolds is a classic consolidation of two brand-rich businesses, with profuse cash flows and like the AB/SAB and Kraft/Heinz deals of recent months, will not be the last transaction of this type. The \$46bn merger of Qualcomm and NXP is apparently the biggest chip transaction yet. NXP is the #1 supplier of chips to the global automobile industry and a prime mover in the development of driverless cars. Meanwhile, CenturyLink is buying Level 3 Communications for \$24bn, to expand joint fibre-optic networks and high speed data services for corporate clients. An obvious target for the new CenturyLink/Level 3 combination is AT&T and therefore it is no surprise to see AT&T proposing the biggest deal of 2016 – the \$85bn combination with Time Warner. Struck at a 35% premium to Time Warner's undisturbed price. This last transaction is probably the one of most relevance to our investment strategy. We continue to believe that the result of the creation of ever bigger and ambitious media distribution platforms (that includes Amazon, Apple, Facebook and Google, as well as the fixed and mobile telephone networks) is that the value of truly unique media content carries on going up.

We are very interested by IBM's decision to partner with Pearson. IBM's Watson computing system is to be combined with Pearson's education courseware. We think it is significant that IBM chose to partner with Pearson, rather than offer Watson direct to educational institutions. The JV will be a cost for Pearson in its current financial year, adding further pressure to its short term earnings. We continue to hope that by investing \$1bn a year into digital products and services - more than any of its competitors – Pearson is creating a new stream of growing and cash generative software revenues that will, in due course, be very highly valued.

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 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

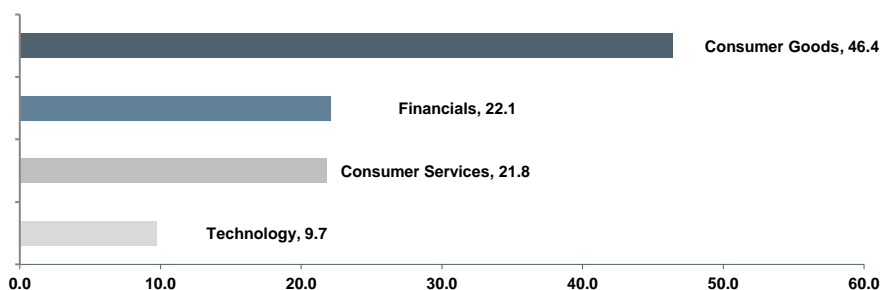
The Directors have adopted an active discount management policy to establish and support an improved rating in the Company's shares through the use of share buybacks, with a view to limiting the discount to NAV per share at which the shares trade to no more than 5%. Shares bought back may be held in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

Name	Sector	Total
Diageo	Consumer Goods	9.8
RELX	Consumer Services	9.7
Unilever	Consumer Goods	9.4
London Stock Exchange	Financials	7.3
Heineken	Consumer Goods	6.7
Sage Group	Technology	6.7
Burberry Group	Consumer Goods	6.5
Schroders	Financials	6.2
Hargreaves Lansdown	Financials	5.4
Mondelez Int.	Consumer Goods	4.9
Total		72.6

Sector Breakdown as at 31 October 2016 (%)



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

1 year	115.2
3 years	141.5
5 years	224.7

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

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Oct 11- Oct 12	Oct 12- Oct 13	Oct 13- Oct 14	Oct 14- Oct 15	Oct 15- Oct 16
NAV	18.6	33.5	7.0	16.0	14.4
Share Price	18.2	34.4	5.5	16.4	15.2
Index	9.8	22.8	1.0	3.0	12.2

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 October 2016

Launch Date	1926
Annual Management Fee (payable by the company) †	
Ongoing charges*	0.8%
Year / interim end	30 September/ 31 March
Capital Structure	143,218,212 Ordinary shares of 25p

Trust Characteristics

Number of Holdings	25
Net Assets (£m)	£928.8m
Market Capitalisation (£m)	£935.2m
Dividend Per Share**	13.1p
Current Net Yield	2.0%
Gearing (AIC basis)	3%

Leverage***	
Gross & Commitment	103%
Share Price (p)	653.00
NAV (p) (cum income)	648.55
Premium / (Discount) to NAV (p)	0.7%

Codes

Sedol	0781606
ISIN	GB0007816068
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.

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