



FINSBURY
GROWTH &
INCOME TRUST



Half Year Report & Financial Statements
for the six months ended 31 March 2018

Frostrow
CAPITAL

LINDSELL TRAIN



About Finsbury Growth & Income Trust PLC

Finsbury Growth & Income Trust PLC aims to achieve capital and income growth and to provide shareholders with a total return in excess of that of the FTSE All-Share Index.

Further details of the Company's investment objective and policies are set out on page 1.

Keep up to date with Finsbury Growth & Income Trust PLC

For more information about Finsbury Growth & Income Trust PLC visit the website at www.finsburygt.com

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@finsburygt



Financial Calendar

| | |
|---------------------------------|------------------|
| Financial Year End | 30 September |
| Final Results Announced | December |
| Annual General Meeting | February |
| Half Year End | 31 March |
| Half Year End Results Announced | May |
| Dividends Payable | May and November |

Winner:

- Citywire Investment Trust Awards, UK Equity Income 2017
- Money Observer Trust Awards, Best UK Income Trust 2017
- Moneywise, Investment Trust of the Year 2017 and 2016 UK Equity Income Category
- Investment Week, Investment Company of the Year 2016 UK Equity Income Category
- What Investment Trust 2016, Best UK Investment Trust



Company Summary

The Company

The Company is an investment trust and its shares are listed on the premium segment of the Official List and traded on the main market of the London Stock Exchange. The Company is a member of The Association of Investment Companies ("AIC").

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 Policy

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 worldwide.

The portfolio will normally comprise up to 30 investments. Unless driven by market movements, securities in FTSE 100 companies and comparable companies listed on overseas stock exchanges 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.

Performance

Performance is measured against the FTSE All-Share Index (total return).

Management

Frostrow Capital LLP ("Frostrow") is the appointed Alternative Investment Fund Manager ("AIFM") and provides company management, company secretarial, administrative and marketing services. Lindsell Train Limited ("Lindsell Train") is the appointed Portfolio Manager.

Dividends

A first interim dividend of 7.2p per share (2017: 6.8p) was paid on 17 May 2018 to shareholders who were registered at the close of business on 6 April 2018. The associated ex-dividend date was 5 April 2018.

It is expected that a second interim dividend will be declared in October 2018 and paid in November 2018.

All dividends are distributed from revenue reserves.

Capital Structure

At 31 March 2018 the Company had 165,646,712 shares of 25p each in issue (30 September 2017: 158,896,712). During the six months under review 6,750,000 new shares were issued raising £50.6 million. Since the end of the half-year, to 18 May 2018, being the latest practical date, a further 1,635,000 new shares have been issued raising £12.4 million. As at 18 May 2018, the Company had 167,281,712 shares in issue.

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Gearing

The Company has a three-year secured fixed term revolving credit facility (the "Facility") of £75 million (with an additional £25 million facility available if required) with Scotiabank Europe PLC. As at 31 March 2018 a total of £36.7 million has been drawn down from this facility (30 September 2017: £36.7 million).

ISA Status

The Company's shares are eligible for Individual Savings Accounts ("ISAs") and for Junior ISAs.

Company Summary/Company Performance

Financial Highlights

| | As at 31 March 2018 | As at 30 September 2017 | % Change |
|-----------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|-------------|
| Share price | 750.0p | 736.5p | +1.8 |
| Net asset value per share | 741.1p | 732.8p | +1.1 |
| Premium of share price to net asset value per share [^] | 1.2% | 0.5% | – |
| Gearing ^{1^} | 2.1% | 1.9% | – |
| Shareholders' funds | £1,227.6m | £1,164.4m | +5.4 |
| Number of shares in issue | 165,646,712 | 158,896,712 | +4.2 |
| | Six months to 31 March 2018 | One year to 30 September 2017 | |
| Share price (total return) ^{2^} | +2.8% | +14.2% | |
| Net asset value per share (total return) ^{2^} | +2.1% | +13.7% | |
| FTSE All-Share Index (total return) ^{*^} (Company benchmark) ^{2 3} | -2.3% | +11.9% | |
| | Year ending 30 September 2018 | Year ended 30 September 2017 | |
| First interim dividend | 7.2p | 6.8p | |
| Second interim dividend | Yet to be declared | 7.4p | |

¹ See glossary on pages 19 and 20

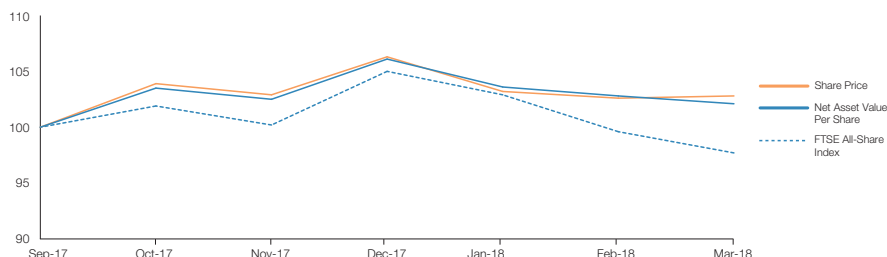
² Source – Morningstar

³ Source – FTSE International Limited ("FTSE") © FTSE 2018*

[^]Alternative Performance Measures ("APMs")

The disclosures of performance above are considered to represent the Company's APMs. Definitions of these APMs together with how these measures have been calculated can be found in the Glossary on pages 19 and 20.

Six Month Total Return Performance to 31 March 2018



Figures are rebased to 100 at 30 September 2017

Source: Morningstar

This report contains terminology that may be unfamiliar to some readers. The Glossary on pages 19 and 20 gives definitions for frequently used terms.

Reviews/Chairman's Statement

Performance

In the six months to 31 March 2018 the Company delivered a net asset value ("NAV") total return of 2.1% and a share price total return of 2.8%. Both have outperformed the Company's benchmark, the FTSE All Share index, which fell by 2.3% over the same period. The principal contributors to the Company's NAV performance were Fidessa, Hargreaves Lansdown and London Stock Exchange. The main detractors were RELX, Unilever and Sage Group. Further information on the Company's portfolio can be found in our Portfolio Manager's Review beginning on page 5.

Share Capital

Consistent demand for the Company's shares has led to the issue of a total of 6,750,000 new shares in this half year, at an average premium to NAV per share of 0.7%, raising £50.6 million. As at 31 March 2018 the Company had 165,646,712 shares of 25p each in issue (31 March 2017 151,245,712). Since the end of the half-year, to the date of this report, a further 1,635,000 new shares have been issued raising £12.4 million. As at 18 May 2018, the Company had 167,281,712 shares in issue.

Dividend

The Board has declared a first interim dividend of 7.2p per share, compared to last year's first interim dividend of 6.8p per share, an increase of 5.9%. The dividend was paid on Thursday, 17 May 2018 to shareholders who were on the register on Friday, 6 April 2018. The associated ex-dividend date was Thursday, 5 April 2018.

The Board expects to declare the second dividend for the year ending 30 September 2018 in October 2018 and for it to be paid to shareholders in November 2018.



Anthony Townsend
Chairman

Amendments to the Company's Investment Policy

Since 30 September 2017 the Board has made two minor amendments to the Company's Investment Policy which are not considered material:

- The Company's gearing Policy contained within the old investment guidelines has been amended to remove reference to the expected level of gearing being between 5% and 25% of the Company's net assets; and
- Reference to a minimum position size of 1% of the Company's gross assets being held unless the holding concerned is being built or disposed has been removed.

These amendments have been made in order to provide greater flexibility in the management of the investment portfolio.

Gearing

The Company is in the second year of its three-year secured fixed term multicurrency revolving credit facility with Scotiabank Europe PLC (the "Facility"). The amount drawn under the Facility lies comfortably within the Company's gearing limit.

Reviews/Chairman's Statement

Change of Service Provider

As previously announced with effect from 3 April 2018, The Bank of New York Mellon (International) Limited were appointed, in place of BNY Mellon Trust & Depository (UK) Limited, as depository to the Company pursuant to internal restructuring at Bank of New York Mellon. This was in essence an internal administrative reallocation within the Bank of New York Mellon group.

Details of the fees and material terms of the Depository Agreement are available in the Company's investor disclosure document, which can be accessed on the Company's website www.finsburygt.com.

Key Information Document

Shareholders may be aware that new regulations, the Packaged Retail and Insurance-based Investment Products ("PRIIPs") Regulations, came into effect from 1 January 2018. Under these regulations, the Company is required to prepare and publish a key information document ("KID") to help prospective investors understand the nature, risk and costs of investing in this Company and to allow comparison with others.

The content of the KID is highly prescriptive, both in terms of the assumptions underlying projected future returns under prescribed scenarios and the limited scope to provide further explanation of the content.

Shareholders should note that the procedures for calculating the risks, costs and potential returns are prescribed by law and that expected performance returns cannot be guaranteed. It should not necessarily be assumed that past performance is a guide to future performance

The Directors believe that prospective investors in the Company should only use the KID in conjunction with other documentation produced by the Company, including the annual report and monthly factsheet, which is published on the Company's website at www.finsburygt.com.

Half Year Report and Accounts

As I mentioned last year, in the interests of cost control we will not be providing a printed copy of this year's Half Year Report and Accounts. This document is and will continue to be available on the Company's website at www.finsburygt.com. The Company's Annual Report will continue to be available in a printed copy, and on the Company's website.

Outlook

As we look forward, our Portfolio Manager remains optimistic about the outlook and opportunities for the companies in our portfolio. Your Board continues to believe that our Portfolio Manager's strategy of investing for the long-term in durable cash generative franchises capable of sustained dividend growth will continue to deliver superior investment returns to shareholders.

Anthony Townsend
Chairman

21 May 2018

Reviews/Portfolio Manager's Review

We outperformed in the period. We are always grateful to do so and it's truly always a surprise; although we never put too much significance on individual six-month returns. That way madness or overtrading lies. But the outperformance is a bit noteworthy we think – because it is not supposed to be happening. What I mean by that is we are told that our investment approach for Finsbury Growth & Income Trust PLC ('Finsbury') of concentrating on "quality" equity assets (which we do) makes the strategy particularly vulnerable during periods of rising interest rates, rising inflation and accelerating economic growth. In this environment – again we are assured – we should expect "value" and "cyclicals", which we don't own, to outperform.

Now, as we often say to Finsbury shareholders – of course it is possible we will underperform for a period of time, if only on the principle of what goes up must come down. But if we are to underperform it does not appear to have begun yet, despite the fact that interest rates have duly gone up and commodity prices have been strong – certainly Oil is up 23% over the period, with gains for Gold and Copper too. Why is this?

First, it is too simple to say that if rates go up all so-called interest rate sensitive shares will fall. While it is true that, for instance, Unilever has fallen 8% over the six month period and Diageo 2%, it is also true that other consumer branded goods shares have done rather better. Within your portfolio Heineken is up 5%, Dr Pepper up 33% (admittedly because of a bid), while Youngs, Remy, AG Barr and Mondelez are also showing gains. In other words company specific factors can be more important than industry generalisations based on macro-economic theorising.

Next – and more important – we think it is misleading to categorise your portfolio as being full of bond proxies. Some may do so;



Nick Train
Lindsell Train Limited
Portfolio Manager

we certainly don't. Instead, we think it more appropriate to look at it as a collection of undervalued growth companies. In your portfolio growth companies certainly include London Stock Exchange up 8% over the six months, Fidessa 63% (another bid), Hargreaves Lansdown 11%, Manchester United 7%; even Pearson is up 22%. These are just as much "Finsbury-type" investments as Johnnie Walker and Dove Soap. But it is not obvious that the direction of interest rates is relevant to how these growth companies will perform as businesses or as share prices. In short, your portfolio is more diverse – despite the focus on a few themes – than it is sometimes given credit for.

Finally – the continued outperformance of tech-related and growth stocks (note, NASDAQ is still up over 9% over the period – there are not many cyclical value stocks in that index) – is confirmation of our view that the pertinent question for equity investors in 2018 is not "should I invest in either beer or coal" – as investment bank equity strategists imply, but, instead, "how can I find ways to participate in the bull market being driven by digital technology and how to avoid industries and companies being disintermediated by digital technology"? Our performance (and that of everyone else) will be determined by how successful we are in this analysis, we think.

This is not to say we think for a minute that we have constructed a portfolio for you that will outperform in all market conditions. But we do think it likely that any possible future

Reviews/Portfolio Manager's Review

underperformance will be the result of a mistake we make in assessing the earnings power of a given business in the changing circumstances of the digital revolution in this second decade of the 21st century. Mistakes of this nature – and for a number of years our investment in Pearson has appeared to be an example – are all too easily made in a period of rapid technology change. Although we still think Pearson has a chance to make a successful transition to being a predominantly digital service provider.

So we're not patting ourselves on the back for the period's outperformance. But it really does strike us that some of the recent falls in our major holdings are already not trivial. For instance: as 2018 has progressed and at recent lows Burberry was down nearly 25% from its 2017 peak, Sage down 22%, RELX 18%, Schroders and Hargreaves down 15% and Diageo nearly 12%. 10% declines are usually acknowledged as "corrections", with anything at 20% or more down seen as a proper bear market. So some of these falls are getting interesting to us. Put it this way, one of the

boosts to our performance over the period were the aforementioned bids for our holdings in software company Fidessa and Dr. Pepper. As a result we now have c6% of the portfolio which looks likely to come back to us as cash over the next few months. At the start of 2018, I might have hesitated about where to aggressively deploy 6% cash, given the strong returns from many holdings in 2017 and I might have wondered if a new holding might've been indicated. Today I'm not saying there aren't new ideas that could be introduced to your portfolio, but I am saying that many existing holdings are looking compelling value to us again.

Nick Train
Director
Lindsell Train Limited
Portfolio Manager
21 May 2018

Reviews/Investment Portfolio

as at 31 March 2018

| Investments | Sector | Fair Value £'000 | % of portfolio |
|-----------------------------------------------|-------------------|---------------------|-------------------|
| Unilever | Consumer Goods | 119,496 | 9.5 |
| Diageo | Consumer Goods | 117,802 | 9.4 |
| London Stock Exchange | Financials | 110,288 | 8.8 |
| RELX | Consumer Services | 108,110 | 8.6 |
| Hargreaves Lansdown | Financials | 95,371 | 7.6 |
| Burberry Group | Consumer Goods | 85,173 | 6.8 |
| Heineken ¹ | Consumer Goods | 79,760 | 6.4 |
| Schroders | Financials | 72,841 | 5.8 |
| Mondelez International ² | Consumer Goods | 69,682 | 5.6 |
| Sage Group | Technology | 67,354 | 5.4 |
| Top 10 Investments | | 925,877 | 73.9 |
| Daily Mail & General Trust (non-voting) | Consumer Services | 46,575 | 3.7 |
| Fidessa | Technology | 44,218 | 3.5 |
| Remy Cointreau ³ | Consumer Goods | 42,388 | 3.4 |
| Rathbone Brothers | Financials | 30,048 | 2.4 |
| Dr.Pepper Snapple ² | Consumer Goods | 29,801 | 2.4 |
| Pearson | Consumer Services | 28,761 | 2.3 |
| A.G. Barr | Consumer Goods | 28,547 | 2.3 |
| Manchester United ² | Consumer Services | 19,516 | 1.6 |
| Young & Co's Brewery (non-voting) | Consumer Services | 13,440 | 1.1 |
| Euromoney Institutional Investor ⁴ | Consumer Services | 11,529 | 0.9 |
| Top 20 Investments | | 1,220,700 | 97.5 |
| The Lindsell Train Investment Trust plc | Financials | 10,050 | 0.8 |
| Greene King | Consumer Services | 8,712 | 0.7 |
| Fuller Smith & Turner | Consumer Services | 6,678 | 0.5 |
| Celtic* | Consumer Services | 4,354 | 0.3 |
| Frostrow Capital LLP ⁵ ** | Financials | 1,680 | 0.1 |
| The Kraft Heinz Company ² | Consumer Goods | 710 | 0.1 |
| Total Investments | | 1,252,884 | 100.0 |

All of the above investments are equities listed in the UK, unless otherwise stated.

¹ Listed in the Netherlands.

² Listed in the United States.

³ Listed in France.

⁴ An Associate Company of Daily Mail & General Trust.

⁵ Unquoted partnership interest.

* Includes Celtic 6% cumulative convertible preference shares, fair value £214,000.

** Includes Frostrow Capital LLP AIFM capital contribution, fair value £480,000.

Reviews/Comparison of Sector Weightings with the FTSE All-Share Index

as at 31 March 2018

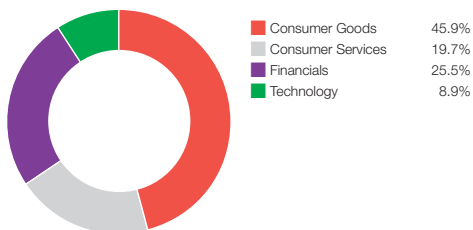
| Sector | Finsbury Growth & Income | FTSE All-Share* | Finsbury Growth & Income (under)/overweight |
|--------------------|--------------------------|-----------------|---------------------------------------------|
| | % | % | % |
| Consumer Goods | 45.9 | 14.8 | 31.1 |
| Consumer Services | 19.7 | 11.3 | 8.4 |
| Financials | 25.5 | 27.1 | (1.6) |
| Technology | 8.9 | 0.9 | 8.0 |
| Oil & Gas | – | 12.8 | (12.8) |
| Basic Materials | – | 7.7 | (7.7) |
| Industrials | – | 10.8 | (10.8) |
| Telecommunications | – | 3.3 | (3.3) |
| Utilities | – | 2.7 | (2.7) |
| Health Care | – | 8.6 | (8.6) |
| Total | 100.0 | 100.0 | 0.0 |

* Source: FTSE International Limited ("FTSE") © FTSE 2018

Reviews/Portfolio Distribution

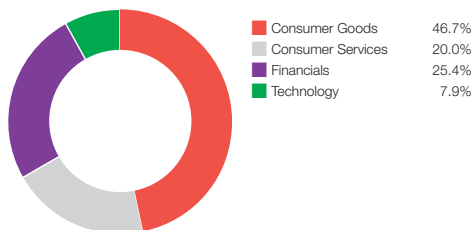
Portfolio Sector Weightings⁺

as at 31 March 2018



Source: Frostrow Capital LLP

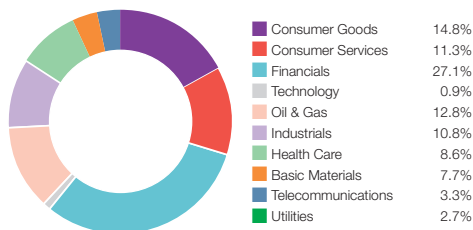
as at 30 September 2017



Source: Frostrow Capital LLP

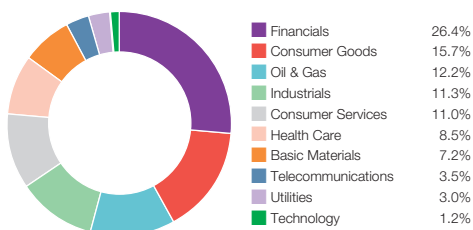
FTSE All-Share Sector Weightings*

as at 31 March 2018



*Source: FTSE International Limited ("FTSE") © FTSE 2018

as at 30 September 2017

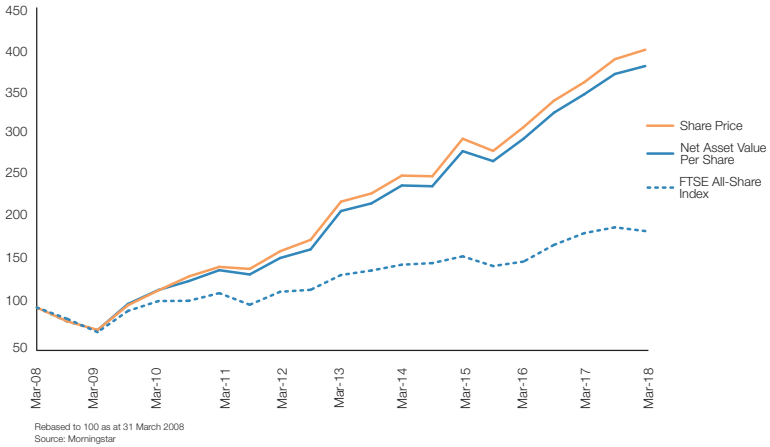


*Source: FTSE International Limited ("FTSE") © FTSE 2017

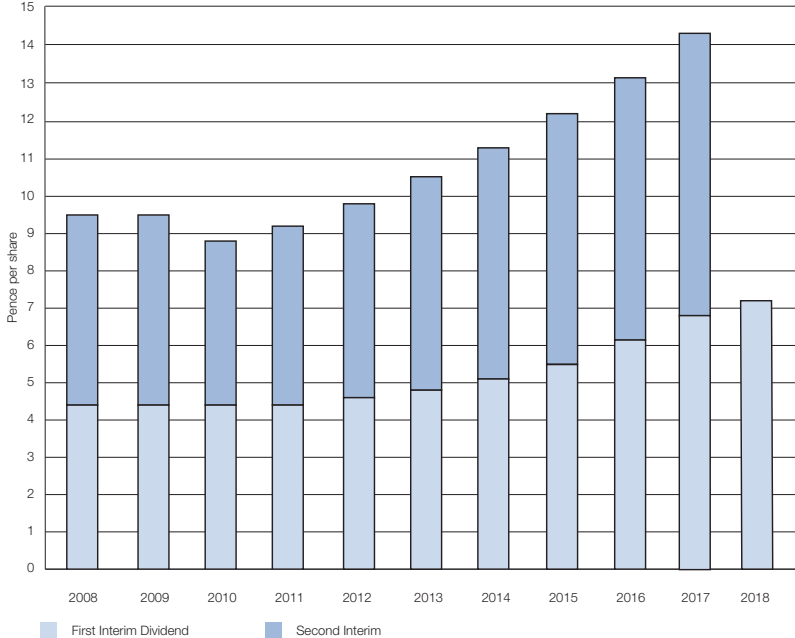
⁺ FTSE and comparable companies listed on an overseas stock exchange.

Reviews/Performance

Ten year total return performance to 31 March 2018



Ten year dividend record



Source: Frostrow Capital LLP

Financial Statements/Income Statement

For the six months ended 31 March 2018

| | (Unaudited) | | | (Unaudited) | | |
|----------------------------------------------------|--------------------------------|------------------|----------------|--------------------------------|------------------|----------------|
| | Six months ended 31 March 2018 | | | Six months ended 31 March 2017 | | |
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Gains on investments | | | | | | |
| at fair value through | | | | | | |
| profit or loss | – | 19,006 | 19,006 | – | 60,260 | 60,260 |
| Currency translations | – | (35) | (35) | – | (59) | (59) |
| Income (note 2) | 9,973 | – | 9,973 | 8,330 | – | 8,330 |
| AIFM and Portfolio Management | | | | | | |
| fees (note 3) | (1,193) | (2,423) | (3,616) | (974) | (1,978) | (2,952) |
| Other expenses | (498) | – | (498) | (534) | (32) | (566) |
| Return on ordinary | | | | | | |
| activities before finance | | | | | | |
| charges and taxation | 8,282 | 16,548 | 24,830 | 6,822 | 58,191 | 65,013 |
| Finance charges | (112) | (227) | (339) | (123) | (249) | (372) |
| Return on ordinary | | | | | | |
| activities before taxation | 8,170 | 16,321 | 24,491 | 6,699 | 57,942 | 64,641 |
| Taxation on ordinary activities | (149) | – | (149) | (11) | – | (11) |
| Return on ordinary | | | | | | |
| activities after taxation | 8,021 | 16,321 | 24,342 | 6,688 | 57,942 | 64,630 |
| Basic and diluted return per share (note 4) | 5.0p | 10.0p | 15.0p | 4.5p | 39.3p | 43.8p |

The "Total" column of this statement represents the Company's profit and loss account. The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by The Association of Investment Companies ("AIC").

All items in the above statement derive from continuing operations. The Company had no recognised gains or losses other than those declared in the Income Statement.

There is no material difference between the net return on ordinary activities before taxation and the net return on ordinary activities after taxation stated above and their historical cost equivalents.

Financial Statements/Statement of Changes in Equity

for the six months ended 31 March 2018

| (Unaudited) Six months ended 31 March 2018 | Share capital £'000 | Share premium account £'000 | Capital redemption reserve £'000 | Special reserve £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total £'000 |
|----------------------------------------------------------------------------------|---------------------------|--------------------------------------|-------------------------------------------|-----------------------------|-----------------------------|-----------------------------|----------------|
| At 30 September 2017 | 39,724 | 572,791 | 3,453 | 12,424 | 515,039 | 20,990 | 1,164,421 |
| Net return from ordinary activities | – | – | – | – | 16,321 | 8,021 | 24,342 |
| Second interim dividend (7.4p per share) for the year ended 30 September 2017 | – | – | – | – | – | (11,786) | (11,786) |
| Issue of shares | 1,688 | 48,904 | – | – | – | – | 50,592 |
| At 31 March 2018 | 41,412 | 621,695 | 3,453 | 12,424 | 531,360 | 17,225 | 1,227,569 |

(Unaudited)
Six months ended 31 March 2017

| | | | | | | | |
|----------------------------------------------------------------------------------|--------|---------|-------|--------|---------|---------|-----------|
| At 30 September 2016 | 35,579 | 463,833 | 3,453 | 12,424 | 403,417 | 17,316 | 936,022 |
| Net return from ordinary activities | – | – | – | – | 57,942 | 6,688 | 64,630 |
| Second interim dividend (7.0p per share) for the year ended 30 September 2016 | – | – | – | – | – | (9,982) | (9,982) |
| Issue of shares | 2,232 | 55,401 | – | – | – | – | 57,633 |
| Cost of share issuance – Prospectus | – | (89) | – | – | – | – | (89) |
| At 31 March 2017 | 37,811 | 519,145 | 3,453 | 12,424 | 461,359 | 14,022 | 1,048,214 |

Financial Statements/Statement of Financial Position

as at 31 March 2018

| | (Unaudited) 31 March 2018 £'000 | (Audited) 30 September 2017 £'000 |
|-------------------------------------------------------------------------|------------------------------------------|--------------------------------------------|
| Fixed assets | | |
| Investments designated at fair value through profit or loss (note 1) | 1,252,884 | 1,186,911 |
| Current assets | | |
| Debtors | 4,032 | 3,936 |
| Cash and cash equivalents | 9,820 | 11,482 |
| | 13,852 | 15,418 |
| Current liabilities | | |
| Creditors: amounts falling due within one year | (2,467) | (1,208) |
| | (2,467) | (1,208) |
| Net current assets | 11,385 | 14,210 |
| Total assets less current liabilities | 1,264,269 | 1,201,121 |
| Creditors: amounts falling due after one year | | |
| Bank loan | (36,700) | (36,700) |
| Net assets | 1,227,569 | 1,164,421 |
| Capital and reserves | | |
| Share capital | 41,412 | 39,724 |
| Share premium account | 621,695 | 572,791 |
| Capital redemption reserve | 3,453 | 3,453 |
| Special reserve | 12,424 | 12,424 |
| Capital reserve | 531,360 | 515,039 |
| Revenue reserve | 17,225 | 20,990 |
| Total shareholders' funds | 1,227,569 | 1,164,421 |
| Net asset value per share – basic and diluted (note 5) | 741.1p | 732.8p |

Financial Statements/Statement of Cash Flows

for the six months ended 31 March 2018

| | (Unaudited) 31 March 2018 £'000 | (Unaudited) 31 March 2017 £'000 |
|---------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| Net cash inflow from operating activities before interest (note 7) | 6,147 | 4,612 |
| Interest paid | (337) | (372) |
| Net cash inflow from operating activities | 5,810 | 4,240 |
| Investing activities | | |
| Purchase of investments | (49,294) | (58,553) |
| Sale of investments | 3,607 | – |
| Net cash outflow from investing activities | (45,687) | (58,553) |
| Financing activities | | |
| Equity dividends paid | (11,786) | (9,982) |
| Shares issued | 50,036 | 58,222 |
| Cost of share issuance | – | (89) |
| Net cash inflow from financing activities | 38,250 | 48,151 |
| Decrease in cash and cash equivalents | (1,627) | (6,162) |
| Currency translations | (35) | (59) |
| Cash and cash equivalents at 1 October | 11,482 | 12,198 |
| Cash and cash equivalents at 31 March | 9,820 | 5,977 |

Financial Statements/Notes to the Financial Statements

1. Basis of preparation

The condensed Financial Statements for the six months to 31 March 2018 have been prepared under the historical cost convention, modified to include the revaluation of investments and in accordance with FRS 104 'Interim Financial Reporting' and with the AIC's Statement of Recommended Practice ("the SORP") for Investment Trust Companies and Venture Capital Trusts issued in November 2014 and updated in January 2017 and February 2018 with consequential amendments, and the Companies Act 2006.

The accounting policies used for the year ended 30 September 2017 have been applied.

Fair Value

Under FRS 102 and FRS 104 investments have been classified using the following fair value hierarchy:

Level 1 – quoted prices in active markets

Level 2 – prices of recent transactions for identical instruments

Level 3 – valuation techniques using observable and unobservable market data.

The financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

As at 31 March 2018

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total |
|---------------------------------------------------------------|------------------|------------------|------------------|-----------|
| Equity investments | 1,250,990 | – | – | 1,250,990 |
| Limited liability partnership interest (Frostrow Capital LLP) | – | – | 1,200 | 1,200 |
| AIFM Capital contribution (Frostrow Capital LLP) | – | – | 480 | 480 |
| Preference shares investment | 214 | – | – | 214 |
| | 1,251,204 | – | 1,680 | 1,252,884 |

As at 30 September 2017

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total |
|---------------------------------------------------------------|------------------|------------------|------------------|-----------|
| Equity investments | 1,185,077 | – | – | 1,185,077 |
| Limited liability partnership interest (Frostrow Capital LLP) | – | – | 1,200 | 1,200 |
| AIFM Capital contribution (Frostrow Capital LLP) | – | – | 480 | 480 |
| Preference shares investment | 154 | – | – | 154 |
| | 1,185,231 | – | 1,680 | 1,186,911 |

Financial Statements/Notes to the Financial Statements

2. Income

| | (Unaudited) Six months ended 31 March 2018 £'000 | (Unaudited) Six months ended 31 March 2017 £'000 |
|-----------------------------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| Income from investments | | |
| Franked investment income | | |
| – dividends | 8,781 | 7,278 |
| Unfranked investment income | | |
| – overseas dividends | 1,171 | 1,031 |
| – limited liability partnership – priority profit-share on AIFM Capital Contribution | 21 | 21 |
| Total income | 9,973 | 8,330 |

3. AIFM and Portfolio Management fees

| | (Unaudited) Six months ended 31 March 2018 £'000 | (Unaudited) Six months ended 31 March 2017 £'000 |
|--------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| AIFM fee | 904 | 764 |
| Portfolio management fee | 2,712 | 2,188 |
| Total fees | 3,616 | 2,952 |

4. Return per share

The total return per share is based on the total return attributable to equity shareholders of £24,342,000 (six months ended 31 March 2017: return of £64,630,000) and on 162,609,813 shares (six months ended 31 March 2017: 147,584,316), being the weighted average number of shares in issue during the period.

The revenue return per share is calculated by dividing the net revenue return of £8,021,000 (six months ended 31 March 2017: return of £6,688,000) by the weighted average number of shares in issue as above.

The capital return per share is calculated by dividing the net capital return attributable to shareholders of £16,321,000, (six months ended 31 March 2017: return of £57,942,000) by the weighted average number of shares in issue as above.

Financial Statements/Notes to the Financial Statements

5. Net asset value per share

The net asset value per share is based on net assets attributable to shares of £1,227,569,000 (30 September 2017: £1,164,421,000) and on 165,646,712 shares in issue (30 September 2017: 158,896,712).

6. Transaction costs

Purchase transaction costs for the six months ended 31 March 2018 were £247,000 (six months ended 31 March 2017: £259,000). These comprise of stamp duty costs of £221,000 (31 March 2017: £215,000) and commission of £26,000 (31 March 2017: £44,000).

Sales transaction costs for the six months ended 31 March 2018 were £2,000 (six months ended 31 March 2017: £nil). These comprise solely of commission.

These transaction costs are included within the gains on investments within the Income Statement.

7. Reconciliation of total return before finance costs and taxation to net cash inflow from operating activities

| | (Unaudited) Six months ended 31 March 2018 £'000 | (Unaudited) Six months ended 31 March 2017 £'000 |
|----------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| Total return before finance charges and taxation | 24,830 | 65,013 |
| Less: capital return before finance charges and taxation | (16,548) | (58,191) |
| Net revenue before finance costs and taxation | 8,282 | 6,822 |
| Decrease/(increase) in accrued income and prepayments | 679 | (165) |
| (Decrease)/increase in creditors | (21) | 56 |
| Taxation – irrecoverable overseas tax paid | (370) | (91) |
| AFM and Portfolio management fees charged to capital | (2,423) | (1,978) |
| Other expenses charged to capital | – | (32) |
| Net cash inflow from operating activities | 6,147 | 4,612 |

8. 2017 accounts

The figures and financial information for the year to 30 September 2017 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for the year.

Those accounts have been delivered to the Registrar of Companies and included the Report of the Auditor which was unqualified and did not contain a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying the report, and did not contain a statement under section 498 of the Companies Act 2006.

Governance/Interim Management Report

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company were explained in detail within the Annual Report for the year ended 30 September 2017. The Directors are not aware of any significant new risks or uncertainties and in the view of the Board these principal risks and uncertainties are applicable to the remaining six months of the financial year as they were to the six months under review.

The Company acknowledges the continued uncertainty surrounding the UK's decision to leave the EU.

Related Party Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

Going Concern

The Directors, having made relevant enquiries, are satisfied that it is appropriate to prepare financial statements on the going concern basis as the net assets of the Company consist primarily of liquid securities, all of which, with the exception of the partnership interest in Frostrow Capital LLP, are traded on recognised stock exchanges.

Alternative Performance Measures

The Financial Statements (on pages 11 to 18) set out the required statutory reporting measures of the Company's financial performance. In addition, the Board assesses the Company's performance against a range of criteria which are viewed as particularly relevant for investment trusts, which are summarised on page 2 and explained in greater detail in the Strategic Report, under the heading 'Key Performance Indicators' on page 22 of the Company's Annual Report.

Directors' Responsibilities

Each Director confirms that, to the best of his/her knowledge:

- (i) the condensed set of financial statements contained within the Half Year Report has been prepared in accordance with applicable accounting standards; and
- (ii) the interim management report includes a true and fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure Guidance and Transparency Rules.

In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;

and the Directors confirm that they have done so.

The Half Year Report has not been reviewed or audited by the Company's Auditor.

The Half Year Report was approved by the Board on 21 May 2018 and the above responsibility statement was signed on its behalf by:

Anthony Townsend
Chairman

Further Information/Glossary of Terms and Alternative Performance Measures ('APM')

AIC

The Association of Investment Companies.

AIFMD

The Alternative Investment Fund Manager Directive (the "Directive") is a European Union Directive that entered into force on 22 July 2013. The Directive regulates EU fund managers that manage alternative investment funds (this includes investment trusts).

AIFM Rules

AIFMD and all applicable rules and regulations implementing AIFMD in the UK, including without prejudice to the generality of the foregoing the Alternative Investment Fund Managers Regulations 2013 (SI2013/1773) and all relevant provisions of the FCA Handbook.

Discount or Premium (APM)

A description of the difference between the share price and the net asset value per share. The size of the discount or premium is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the net asset value per share the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount.

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Gearing (APM)

Gearing represents prior charges, adjusted for net current assets expressed as a percentage of net assets. Prior charges includes all loans and bank overdrafts for investment purposes.

| | 31 March 2018 £'000 | 30 September 2017 £'000 |
|--------------------|---------------------------|-------------------------------|
| Prior Charges | (36,700) | (36,700) |
| Net Current Assets | 11,385 | 14,210 |
| Net Debt | (25,315) | (22,490) |
| Net Assets | 1,227,569 | 1,164,421 |
| Gearing | 2.1% | 1.9% |

Further Information/Glossary of Terms

Leverage (APM)

The AIFM Directive (the "Directive") has introduced the obligation on the Company and its AIFM in relation to leverage as defined by the Directive. The Directive leverage definition is slightly different to the Association of Investment Companies method of calculating gearing and is as follows; any method by which the AIFM increases the exposure of an AIFM it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions.

There are two methods for calculating leverage under the Directive – the Gross Method and the Commitment Method. The process for calculating exposure under each methodology is largely the same, except where certain conditions are met, the Commitment Method enables instruments to be netted off to reflect 'netting' or 'hedging' arrangements and the entity exposure is effectively reduced.

The Board has set the leverage limit for both the Gross basis and the Commitment basis at 125%. These limits are monitored by both the Board and the AIFM.

Net Asset Value (NAV)

The value of the Company's assets, principally investments made in other companies and cash being held, less any liabilities. The NAV is also described as 'shareholders' funds' per share. The NAV is often expressed in pence per share after being divided by the number of shares which have been issued. The NAV per share is unlikely to be the same as the share price which is the price at which the Company's shares can be bought or sold by an investor. The share price is determined by the relationship between the demand and supply of the shares.

Ongoing Charges (APM)

Ongoing charges are calculated by taking the Company's annualised operating expenses expressed as a proportion of the average daily net asset value of the Company over the year. The costs of buying and selling investments are excluded, as are interest costs, taxation, cost of buying back or issuing ordinary shares and other non-recurring costs.

| | 31 March 2018 £'000 | 30 September 2017 £'000 |
|-------------------------------------------|---------------------------|-------------------------------|
| Operating Expenses | 8,244* | 7,449 |
| Average Net Assets during the period/year | 1,219,087 | 1,043,305 |
| Ongoing Charges | 0.68% | 0.71% |

* Estimated expenses for the year ending 30 September 2018, as at 31 March 2018.

Net Asset Value Total Return (APM)

The total return on an investment over a specified period assuming dividends paid to shareholders were reinvested at net asset value per share at the time the shares were quoted ex-dividend. This is a way of measuring investment management performance of investment trusts which is not affected by movements in discounts or premiums.

Further Information/Glossary of Terms (continued)

Revenue Return per Share (APM)

The revenue return per share is calculated by taking the Return on ordinary activities after taxation and dividing by the weighted average number of shares in issue during the year.

Share Price Total Return (APM)

The change in capital value of a company's shares over a given period, plus dividends paid to shareholders, expressed as a percentage of the opening value. The assumption is that dividends paid to shareholders are re-invested in the shares at the time the shares are quoted ex dividend.

Treasury Shares

Shares previously issued by a company that have been bought back from shareholders to be held by the Company for potential sale or cancellation at a later date. Such shares are not capable of being voted and carry no rights to dividends.

Further Information/How to Invest

Investment Platforms

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. A list of some of them, that is not comprehensive nor constitutes any form of recommendation, can be found below:

| | |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| AJ Bell Youinvest | http://www.youinvest.co.uk/ |
| Alliance Trust Savings | http://www.alliancetrustsavings.co.uk/ |
| Barclays Stockbrokers | https://www.barclaysstockbrokers.co.uk/ |
| Bestinvest | http://www.bestinvest.co.uk/ |
| Charles Stanley Direct | https://www.charles-stanley-direct.co.uk/ |
| Club Finance | http://www.clubfinance.co.uk/ |
| FundsDirect | http://www.fundsdirect.co.uk/Default.asp |
| Halifax Share Dealing | http://www.halifax.co.uk/Sharedealing/ |
| Hargreaves Lansdown | http://www.hl.co.uk/ |
| HSBC | https://investments.hsbc.co.uk/ |
| iDealing | http://www.idealing.com/ |
| Interactive Investor | http://www.iii.co.uk/ |
| IWEB | http://www.iweb-sharedealing.co.uk/share-dealing-home.asp |
| Saga Share Direct | https://www.sagasharedirect.co.uk/ |
| Saxo Capital Markets | http://uk.saxomarkets.com/ |
| Selftrade | http://www.selftrade.co.uk/ |
| The Share Centre | https://www.share.com/ |
| TD Direct Investing | http://www.tddirectinvesting.co.uk/ |

Link Asset Services – Share Dealing Service

A quick and easy share dealing service is available to existing shareholders through the Company's Registrar, Link Asset Services, to either buy or sell shares. An online and telephone dealing facility provides an easy to access and simple to use service.

There is no need to pre-register and there are no complicated forms to fill in. The online and telephone dealing service allows you to trade 'real time' at a known price which will be given to you at the time you give your instruction.

To deal online or by telephone all you need is your surname, investor code, full postcode and your date of birth. Your investor code can be found on your share certificate. Please have the appropriate documents to hand when you log on or call, as this information will be needed before you can buy or sell shares.

For further information on this service, please contact: www.linksharedeal.com (online dealing) Telephone: 0371 664 0445 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open between 8.00 a.m. – 4.30 p.m., Monday to Friday excluding public holidays in England and Wales).

Further Information/How to Invest

Risk Warnings

- Past performance is no guarantee of future performance.
- The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined, in part, by the changing conditions in the relevant stock markets in which the Company invests and by the supply and demand for the Company's shares.
- As the shares in an investment trust are traded on a stock market, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.
- Although the Company's financial statements are denominated in sterling, some of the holdings in the portfolio are currently denominated in currencies other than sterling and therefore they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.
- Investors should note that tax rates and reliefs may change at any time in the future.
- The value of ISA and Junior ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs and Junior ISAs may not be maintained.

Further Information/Company Information

Directors

Anthony Townsend (Chairman)
Neil Collins
Kate Cornish-Bowden
Simon Hayes
David Hunt, FCA (Chairman of the Audit Committee and Senior Independent Director)
Lorna Tilbian

Registered Office

50 Lothian Road,
Festival Square,
Edinburgh EH3 9WJ

Website

www.finsburygt.com

Company Registration Number

SC013958 (Registered in Scotland)
The Company is an investment company as defined under Section 833 of the Companies Act 2006.

AI/M, Company Secretary and Administrator

Frostrow Capital LLP
25 Southampton Buildings,
London WC2A 1AL
Telephone: 0203 008 4910
E-Mail: info@frostrow.com
Website: www.frostrow.com

Authorised and regulated by the Financial Conduct Authority.
If you have an enquiry about the Company or if you would like to receive a copy of the Company's monthly fact sheet by e-mail, please contact Frostrow Capital using the above e-mail address.

Portfolio Manager

Lindsell Train Limited
5th Floor,
66 Buckingham Gate,
London SW1E 6AU
Telephone: 0207 808 1225
Website: www.lindselltrain.com

Authorised and regulated by the Financial Conduct Authority.

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Depository

The Bank of New York Mellon (International) Limited
One Canada Square
London E14 5AL
Website: www.bnymellon.com

Global Custodian

Bank of New York Mellon
160 Queen Victoria Street
London EC4V 4LA

Registrars

Link Asset Services
The Registry,
34 Beckenham Road,
Beckenham,
Kent BR3 4TU
Telephone (in UK): 0371 664 0300†
E-Mail: shareholderenquiries@link.co.uk
Website: www.linkassetsservices.com

Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

†Calls outside the UK will be charged at the applicable International rate and may be recorded for training purposes. Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday excluding public holidays in England and Wales.

Lending Banker

Scotiabank Europe PLC
201 Bishopsgate, 6th Floor
London EC2M 3NS

Stockbrokers

Winterflood Investment Trusts
The Atrium Building,
Cannon Bridge,
25 Dowgate Hill
London EC4R 2GA

Share Price Listings

The price of your shares can be found in various publications including the Financial Times. The Company's net asset value per share is announced daily on the TrustNet website at www.trustnet.com.

Identification Codes

| | | |
|---------|------------|--------------|
| Shares: | SEDOL: | 0781606 |
| | ISIN: | GB0007816068 |
| | BLOOMBERG: | FGT LN |
| | EPIC: | FGT |

Global Intermediary Identification number (GIIN):

QH4BH0.99999.SL.826

Legal Entity Identifier

213800NN42KX2LGIQ40





A member of The Association of Investment Companies

Winner:

- Citywire Investment Trust Awards, UK Equity Income 2017
- Money Observer Trust Awards, Best UK Income Trust 2017
- Moneywise, Investment Trust of the Year 2017 and 2016 UK Equity Income Category
- Investment Week, Investment Company of the Year 2016 UK Equity Income Category
- What Investment Trust 2016, Best UK Investment Trust

Finsbury Growth & Income Trust PLC
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www.finsburygt.com