



# FINSBURY GROWTH & INCOME TRUST <sup>plc</sup>

Half Year Report & Financial Statements  
for the six months ended 31 March 2016

**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 policy 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](http://www.finsburygt.com)

Follow us on Twitter



@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:

- Moneywise, Investment Trust of the Year 2015, 2014, 2012 and 2011 UK Equity Income Category
- Rated Fund: Money Observer Rated Funds 2015
- FT & Investors' Chronicle Awards 2015, Best Income Fund
- Shares Awards 2014, Best Investment Trust
- Investment Week, Investment Trust of the Year 2015, 2013, 2012 and 2011, UK Income Category

## 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 invests 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. Where possible, a minimum position size of 1% of the Company's gross assets is held unless the holding concerned is being built or disposed of.

The portfolio will normally comprise approximately 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 6.1p per share (2015: 5.5p) will be paid on 11 May 2016 to shareholders registered at the close of business on 8 April 2016. The associated ex-dividend date was 7 April 2016.

It is expected that a second interim dividend will be declared in September 2016 and paid in November 2016.

### Capital Structure

At 31 March 2016 the Company had 129,531,212 shares of 25p each in issue (31 March 2015: 107,590,212) (30 September 2015: 120,965,212). During the six months under review 8,566,000 new shares were issued raising £49.0 million net of expenses. Since the end of the half-year, to the date of this report, a further 2,640,000, new shares have been issued raising £15.8 million. As at 3 May 2016, the Company had 132,171,212 shares in issue.

## Contents

### Company Summary

- 2 Company Performance

### Reviews

- 3 Chairman's Statement
- 5 Portfolio Manager's Review
- 7 Investment Portfolio
- 8 Comparison of Sector Weightings with the FTSE All-Share Index
- 9 Portfolio Distribution
- 10 Performance

### Financial Statements

- 11 Income Statement
- 12 Statement of Changes in Equity
- 13 Statement of Financial Position
- 14 Statement of Cash Flows
- 15 Notes to the Financial Statements

### Governance

- 18 Interim Management Report

### Further Information

- 19 Glossary of Terms
- 21 How to Invest
- 23 Company Information

### Gearing

The Company has a three-year secured fixed term revolving credit facility (the "Facility") of £50 million with Scotiabank Europe PLC. A total of £31.0 million has been drawn down from this facility (30 September 2015: £29.0 million).

### ISA Status

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

## Company Summary/Company Performance

### Financial Highlights

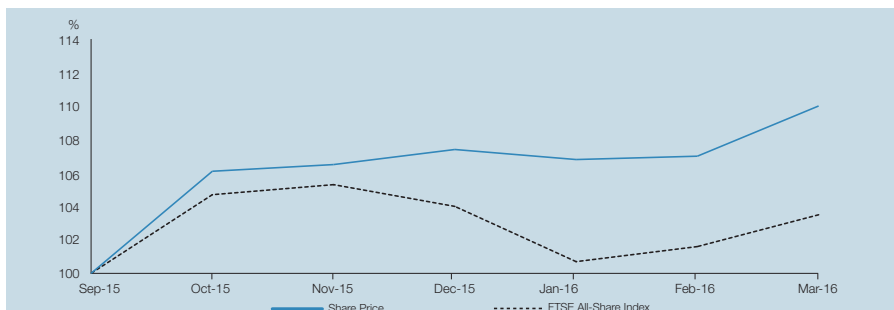
	As at 31 March 2016	As at 30 September 2015	% Change
Share price	604.5p	556.5p	+8.6
Net asset value per share	602.3p	556.9p	+8.2
Premium/(discount) of share price to net asset value per share	0.4%	(0.1%)	–
Gearing*	3.5%	2.9%	–
Shareholders' funds	£780.1m	£673.7m	+15.8
Number of shares in issue	129,531,212	120,965,212	+7.1
	Six months to 31 March 2016	One year to 30 September 2015	
Share price (total return)#	+9.9%	+11.8%	
Net asset value per share (total return)#	+10.0%	+12.0%	
FTSE All-Share Index (total return) (Company benchmark)#†	+3.5%	(2.3%)	
	Year ending 30 September 2016	Year ended 30 September 2015	
First interim dividend	6.1p	5.5p	
Second interim dividend	Yet to be declared	6.6p	

# Source – Morningstar

† Source – FTSE International Limited ("FTSE") © FTSE 2016\*

\* See glossary on pages 19 and 20

### Six Month Total Return Performance to 31 March 2016



Figures are rebased to 100 at 30 September 2015

Source: Morningstar

## Reviews/Chairman's Statement

Your Company was incorporated as Scottish Cities Investment Trust PLC on 15 January 1926, which makes this our 90th anniversary. In 1926, the Company listed with net assets of £100,000 which had increased to £1 million by 1958 and to £100 million by 1999. By 2000 net assets had decreased to £64 million, the Company's name had become Finsbury Growth Trust PLC and at the end of that year the Board appointed Lindsell Train Limited as Investment Manager. In 2004 the Company's name was changed to its current name of Finsbury Growth & Income Trust PLC in reflection of the strategy adopted after the appointment of Lindsell Train and it is particularly pleasing to note the more than tenfold growth since 2000 in the Company's net assets to £780m as at 31 March 2016.

### Performance

Turning to the period under review, I am pleased to report that in the six months to 31 March 2016 the Company's net asset value per share total return of +10.0% and the share price total return of +9.9% once again comfortably outperformed the Company's benchmark, the FTSE All-Share Index, which delivered a total return of +3.5%.

The principal contributors to the Company's net asset value performance were Unilever, Sage Group and Relx. 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 8,566,000 new shares in this half-year, raising £49.0 million. As at 31 March 2016 the Company had 129,531,212 shares of 25p each in issue (31 March 2015: 107,590,212). No shares have been held in treasury by the Company since



Anthony Townsend  
Chairman

26 May 2010. Since the end of the half-year, to the date of this report, a further 2,640,000 new shares have been issued raising £15.8 million. As at 3 May 2016, the Company had 132,171,212 shares in issue.

Since 30 September 2015, the following steps have been taken to address the demand for your Company's shares:

- a new block listing authority was obtained from the UK Listing Authority in December 2015 to enable shares to be issued as cost effectively as possible;
- a prospectus was published in December 2015 in order that the Company can continue to issue shares in accordance with the Prospectus Directive; and
- shareholder authority to issue further shares equal to 10% of the Company's issued share capital on a non-pre-emptive basis was renewed at the Company's Annual General Meeting held in February 2016.

The Company will continue to be proactive in managing its share price premium/discount and issuing new shares at a premium to net asset value per share is accretive to existing shareholders. Such share issuance also improves the liquidity of the Company's shares, controls the premium to net asset value at which the shares trade and spreads the operating costs over a larger capital base, reducing the ongoing charges ratio.

## Reviews/Chairman's Statement

### Dividend

The Board has declared a first interim dividend of 6.1p per share, compared to last year's first interim dividend of 5.5p per share, an increase of 10.9%. This substantial increase is designed to reduce the disparity between the first and second interim dividends. The dividend will be paid on Wednesday, 11 May 2016 to shareholders who were on the register on Friday, 8 April 2016. The associated ex-dividend date was Thursday, 7 April 2016.

The Board expects to declare the second dividend for the year ending 30 September 2016 in late September 2016 and for it to be paid to shareholders in November 2016.

### Gearing

The Company is in the last year of its three-year secured credit facility with Scotiabank Europe PLC (the "Facility"). The amount drawn under the Facility lies comfortably within the Company's gearing limit and remains within the constraints of the Company's investment policy. The Board is in the process of renewing the Facility, which expires in October.

### Outlook

The FTSE All-Share Index has fallen by approximately 0.4% in 2016; however as you will read, despite recent difficult market conditions, your Portfolio Manager continues to be optimistic about the prospects for equity markets.

Your Board continues to support fully our Portfolio Manager's strategy of investing for the long-term in durable, cash generative brands that are capable of sustained dividend growth and which should continue to deliver superior investment returns to shareholders.

**Anthony Townsend**  
Chairman

5 May 2016



## Reviews/Portfolio Manager's Review

In December 2015, I completed 15 years as portfolio manager for Finsbury Growth & Income Trust. I have to acknowledge that my work for the Company may now be about half done. I leave it to shareholders to determine whether the return over that period is satisfactory. But what I do want to reiterate is the unusually long-term nature of the investment approach. For example, over the 15 years annual average portfolio turnover has been under 6% – very low. At this pace it will take nearly 17 years for the portfolio to fully turn over just once ( $100/6=16.7$ ); of course, many investment portfolios turn over once each year. Or consider this – I introduced a new holding to the portfolio last August (Remy Cointreau – now a c2.5% position). This was the first new holding in over four years: an eternity by the standards of most portfolio managers. What's more I think it reasonable, if mildly embarrassing, to claim that I have only had three investment ideas for the Company in a decade and a half. And because those three strategic ideas make up the whole portfolio and remain critical for future performance I review them here.

"If a company's products taste good: buy the shares". For a long-term investor this simple proposition has proven remarkably successful. Owning shares in great tasting brands – IRN-BRU, Cadbury or, my own favourite, Marmite – has been a great way to get rich slowly. Diageo has been a dull share for several years now, understandably given an array of pesky and continuing setbacks. But surely over the next 20 years people will continue to enjoy Johnnie Walker, Captain Morgan, Baileys, Guinness and its many more iconic brands? That predictability – in a world shareholders will agree is highly unpredictable – is unusual and valuable.

"People will never be bored of being informed or entertained". We like companies



Nick Train  
Lindsell Train Limited  
Portfolio Manager

that own proprietary business information – the sort without which professionals cannot do their jobs – or beloved entertainment formats. For example scientists and lawyers around the world have little option but to subscribe to Relx's services or risk being ill-informed. Similarly we're fascinated by the reach of MailOnline, owned by Daily Mail of course. It is currently receiving 220 million global unique browsers every month and is one of the UK's few world-leading Internet properties.

Periodically I'm asked to complete stock market sentiment surveys and I always give the same answer – Raging Bull. This is not as naive as it may appear. Equity markets spend far more time going up than down and the biggest risk for most investors is holding too much cash, not too little. What's more – being optimistic keeps you young. Now, if like us you have a constructive view on the outlook for markets over the next decade it makes sense to be invested in companies that benefit from markets going up. We own Hargreaves Lansdown, the London Stock Exchange itself and Schroders. It is disappointing, I agree, that today the FTSE All-Share is only 7% above its 1 January 2000 level. In the meantime, though, Schroders has more than doubled. Imagine what it could do if markets really get going!

In support of this uncompromisingly bullish outlook here are some thoughts about the likely sources of the profit growth we expect will drive UK and global, and your Company's shares much higher in coming years.

## Reviews/Portfolio Manager's Review

According to the Bloomberg M&A tracker, 2015 was the biggest year ever for global deal-making. There was over \$5.6 trillion of deals in 2015, struck at an average premium of 24%. That total was up 27% on 2014 and more than 16% over the previous peak year of 2007. So far in 2016 there have already been circa 11,000 announced transactions, amounting to \$1.2 trillion – at pretty much the same run rate as last year. The announced merger between the London Stock Exchange and its German counterpart is the most immediately relevant for your portfolio. Meanwhile, it is commonly held that equity markets are expensive and afflicted by numerous macro-economic problems. BUT SOMEONE SEEMS TO HAVE FORGOTTEN TO TELL COMPANIES THEY SHOULD BE WORRIED.

We think it is important to listen to what Business is saying about its opportunities for growth and the strategic values it sees in stock markets and to ignore the macro-pessimists. Companies clearly think there is plenty to do and plenty to go for in markets. And according to Willis Towers Watson's analysis of 2015's deal activity they are correct - acquirers closing deals last year outperformed the MSCI World Index by over 10%. In other words and critically – not only do companies self-evidently see value in stock markets, their investors are willing to reward them for getting on with it.

This is great news because it is clear from a historical perspective that successive waves of M&A have been instrumental in the propagation of more successful corporate cultures or more advanced technologies. The stronger and smarter assimilate the weaker or more backward. Takeovers are the means whereby "creative destruction" is actually delivered. For instance we know the profit margin uplift achieved by 3G and related parties after the takeovers of Anheuser Busch,

Heinz (18% to 27% in two years here) and now Kraft has electrified industry participants – raising the bar for other quoted consumer brand owners, or certainly those who wish to maintain their independence.

Read what Warren Buffett had to say in his 2016 investors' letter: "At much of corporate America truly major gains in productivity are possible." It is clear that the corporations know this too because we can see them behaving accordingly. A recurrent theme at our meetings with companies is how much more they have still to gain from "zero-based budgeting" ("ZBB") and productivity to be derived from technology. In your portfolio we think particularly of recent developments at Mondelez and Unilever. For Mondelez the appearance of an activist investor on its share register has undoubtedly accelerated the pace of its rationalisation and Unilever's recent results revealed the benefits of its application of ZBB to cash flow and returns on invested capital. In addition, when you factor in the collapse of energy and raw material prices – Oil close to its lowest inflation-adjusted price ever, according to Bloomberg – you have the basis for big positive earnings surprises as 2016 progresses. This combination of cheaper input costs and M&A-derived savings points to an as yet unanticipated profit boom. And if that cheaper energy ever feeds through to improving consumer confidence and spending, well...

Nick Train  
Director  
Lindsell Train Limited  
Portfolio Manager

5 May 2016



## Reviews/Investment Portfolio

as at 31 March 2016

Investment	Sector	Market value £'000	% of portfolio
Unilever	Food Producers	80,798	10.1
Relx	Media	76,972	9.5
Diageo	Beverages	68,356	8.5
Sage Group	Software & Computer Services	54,824	6.8
Heineken <sup>1</sup>	Beverages	52,605	6.5
Hargreaves Lansdown	Financial Services	52,201	6.5
London Stock Exchange	Financial Services	49,477	6.1
Burberry Group	Personal Goods	43,605	5.4
Schroders	Financial Services	42,338	5.2
Mondelez International	Food Producers	34,292	4.2
<b>Top 10 investments</b>		<b>555,468</b>	<b>68.8</b>
Pearson	Media	31,251	3.9
Daily Mail & General Trust (non-voting)	Media	30,612	3.8
Fidessa	Software & Computer Services	29,147	3.6
Rathbone Brothers	Financial Services	25,723	3.2
A.G. Barr	Beverages	23,007	2.8
Dr.Pepper Snapple <sup>2</sup>	Beverages	21,990	2.7
Remy Cointreau <sup>3</sup>	Beverages	18,726	2.3
Greene King	Travel & Leisure	16,015	2.0
The Kraft Heinz Company <sup>2</sup>	Food Producers	13,665	1.7
Euromoney Institutional Investor	Media	8,750	1.1
<b>Top 20 investments</b>		<b>774,354</b>	<b>95.9</b>
Young & Co's Brewery (non-voting)	Travel & Leisure	8,663	1.1
Thomson Reuters <sup>4</sup>	Media	7,790	0.9
Fuller Smith & Turner	Travel & Leisure	7,238	0.9
The Lindsell Train Investment Trust	Financial Services	5,600	0.7
Celtic *	Travel & Leisure	2,394	0.3
Frostrow Capital LLP <sup>5</sup>	Financial Services	1,000	0.1
Frostrow Capital LLP AIFM Investment <sup>5</sup>	Financial Services	420	0.1
<b>Total investments</b>		<b>807,459</b>	<b>100.0</b>

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

<sup>1</sup> Listed in the Netherlands

<sup>2</sup> Listed in the United States

<sup>3</sup> Listed in France

<sup>4</sup> Listed in Canada

<sup>5</sup> Unquoted partnership interest

\* Includes Celtic 6% cumulative preference shares, fair value £69,000

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

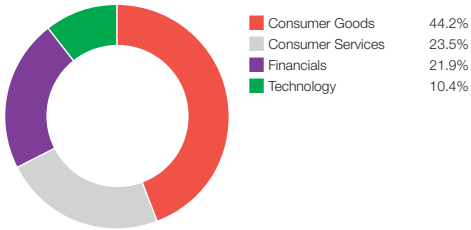
as at 31 March 2016

Sector	Finsbury Growth & Income	FTSE All-Share	Finsbury Growth & Income
	%	Index	(under)/overweight
		%	%
Consumer Goods	44.2	17.6	26.6
Consumer Services	23.5	12.9	10.6
Financials	21.9	23.9	(2.0)
Technology	10.4	1.6	8.8
Oil & Gas	—	10.6	(10.6)
Basic Materials	—	5.0	(5.0)
Industrials	—	10.7	(10.7)
Telecommunications	—	5.2	(5.2)
Utilities	—	4.0	(4.0)
Health care	—	8.5	(8.5)
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>—</b>

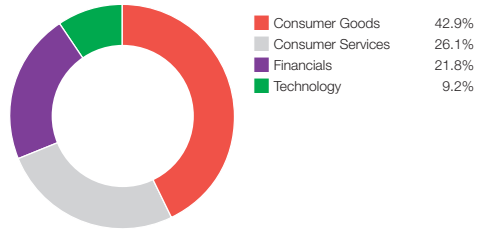
## Reviews/Portfolio Distribution

### Portfolio Sector Weightings

as at 31 March 2016

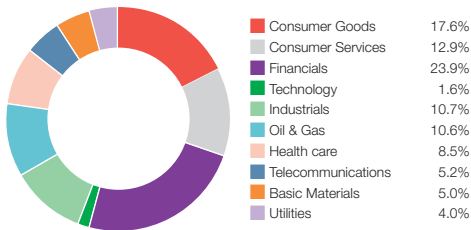


as at 30 September 2015



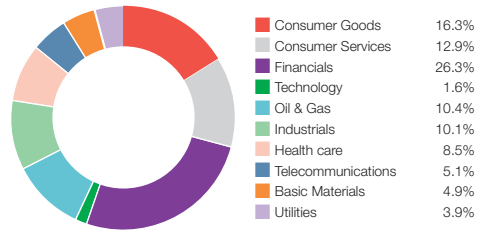
### FTSE All-Share Sector Weightings\*

as at 31 March 2016



\*Source: FTSE International Limited ("FTSE") © FTSE 2016

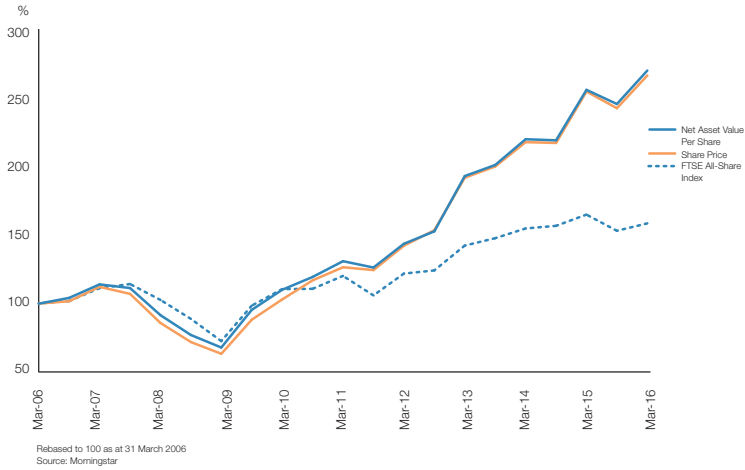
as at 30 September 2015



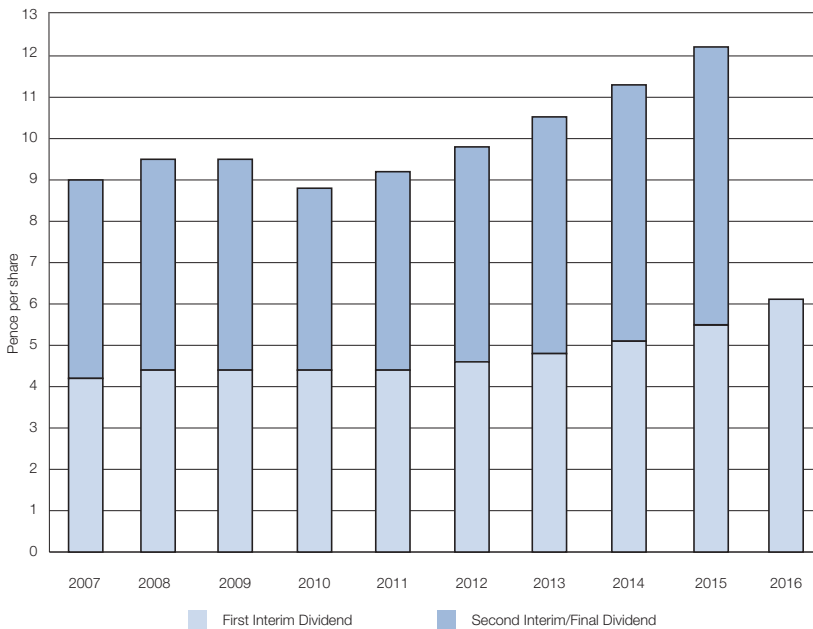
\*Source: FTSE International Limited ("FTSE") © FTSE 2015

## Reviews/Performance

### Ten year total return performance to 31 March 2016



### Ten year dividend record



Source: Frostrow Capital LLP

## Financial Statements/Income Statement

For the six months ended 31 March 2016

	(Unaudited) Six months ended 31 March 2016			(Unaudited) Six months ended 31 March 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments designated at fair value through profit or loss	–	62,236	62,236	–	83,232	83,232
Exchange differences	–	(77)	(77)	–	(25)	(25)
Income (note 2)	6,450	–	6,450	5,229	–	5,229
AIFM and Portfolio Management fees (note 3)	(736)	(1,495)	(2,231)	(573)	(1,163)	(1,736)
Other expenses	(454)	–	(454)	(462)	–	(462)
<b>Return on ordinary activities before finance charges and taxation</b>	<b>5,260</b>	<b>60,664</b>	<b>65,924</b>	<b>4,194</b>	<b>82,044</b>	<b>86,238</b>
Finance charges	(105)	(213)	(318)	(85)	(173)	(258)
<b>Return on ordinary activities before taxation</b>	<b>5,155</b>	<b>60,451</b>	<b>65,606</b>	<b>4,109</b>	<b>81,871</b>	<b>85,980</b>
Taxation on ordinary activities	(149)	–	(149)	(106)	–	(106)
<b>Return on ordinary activities after taxation</b>	<b>5,006</b>	<b>60,451</b>	<b>65,457</b>	<b>4,003</b>	<b>81,871</b>	<b>85,874</b>
<b>Return per share – basic (note 4)</b>	<b>4.0p</b>	<b>47.9p</b>	<b>51.9p</b>	<b>3.8p</b>	<b>77.8p</b>	<b>81.6p</b>

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 2016

(Unaudited) Six months ended 31 March 2016	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 2015	30,241	341,188	3,453	12,424	273,166	13,218	673,690
Net return from ordinary activities	–	–	–	–	60,451	5,006	65,457
Second interim dividend (6.2p per share) for the year ended 30 September 2015*	–	–	–	–	–	(8,008)	(8,008)
Issue of shares	2,335	46,756	–	–	–	–	49,091
Cost of share issuance	–	(108)	–	–	–	–	(108)
At 31 March 2016	32,576	387,836	3,453	12,424	333,617	10,216	780,122

(Unaudited)  
Six months ended 31 March 2015

At 30 September 2014	24,370	215,304	3,453	12,424	228,842	10,538	494,931
Net return from ordinary activities	–	–	–	–	81,871	4,003	85,874
Second interim dividend (6.2p per share) for the year ended 30 September 2014*	–	–	–	–	–	(6,086)	(6,086)
Issue of shares	2,527	51,877	–	–	–	–	54,404
Cost of share issuance	–	(108)	–	–	–	–	(108)
At 31 March 2015	26,897	267,073	3,453	12,424	310,713	8,455	629,015

\* All dividends paid during the period have been funded from the revenue reserve.



## Financial Statements/Statement of Financial Position

as at 31 March 2016

	(Unaudited) 31 March 2016 £'000	(Audited) 30 September 2015 £'000
<b>Fixed assets</b>		
Investments designated at fair value through profit or loss	807,459	692,951
<b>Current assets</b>		
Debtors	2,128	2,621
Cash at bank	2,055	8,440
	4,183	11,061
<b>Current liabilities</b>		
Creditors: amounts falling due within one year	(520)	(1,322)
Bank loan	(31,000)	–
	(31,520)	(1,322)
<b>Net current (liabilities)/assets</b>	(27,337)	9,739
<b>Total assets less current liabilities</b>	780,122	702,690
<b>Creditors: amounts falling due after one year</b>		
Bank loan	–	(29,000)
<b>Net assets</b>	780,122	673,690
<b>Capital and reserves</b>		
Share capital	32,576	30,241
Share premium account	387,836	341,188
Capital redemption reserve	3,453	3,453
Special reserve	12,424	12,424
Capital reserve	333,617	273,166
Revenue reserve	10,216	13,218
<b>Total shareholders' funds</b>	780,122	673,690
<b>Net asset value per share – basic (note 5)</b>	602.3p	556.9p

## Financial Statements/Statement of Cash Flows

for the six months ended 31 March 2016

	(Unaudited) 31 March 2016 £'000	(Unaudited) 31 March 2015 £'000
<b>Net cash inflow from operating activities (note 7)</b>	3,175	2,518
<b>Net cash outflow from servicing of finance</b>		
Interest paid	(318)	(258)
<b>Financial investment</b>		
Purchase of investments	(56,260)	(55,021)
Sale of investments	3,148	802
<b>Net cash outflow from financial investment</b>	(53,112)	(54,219)
<b>Equity dividends paid</b>	(8,008)	(6,086)
<b>Net cash outflow before financing</b>	(58,263)	(58,045)
<b>Financing</b>		
Shares issued	50,063	54,509
Drawdown of loans	2,000	3,300
Cost of share issuance	(108)	(108)
<b>Net cash inflow from financing</b>	51,955	57,701
<b>Decrease in cash</b>	(6,308)	(344)
<b>Reconciliation of net cash flow to movement in net debt</b>		
Decrease in cash resulting from cashflows	(6,308)	(344)
Increase in debt	(2,000)	(3,300)
Exchange movements	(77)	(25)
Movement in net debt	(8,385)	(3,669)
Net debt at start of period	(20,560)	(21,071)
<b>Net debt at end of period</b>	(28,945)	(24,740)

### Analysis of net debt

	(Unaudited) 31 March 2016 £'000	(Unaudited) 31 March 2015 £'000
Cash at bank	2,055	1,660
Bank loan	(31,000)	(26,400)
	(28,945)	(24,740)

## Financial Statements/Notes to the Financial Statements

### 1. Basis of preparation

The condensed Financial Statements for the six months to 31 March 2016 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 Statement of Recommended Practice ("the SORP") for Investment Trust Companies and Venture Capital Trusts revised December 2005, January 2009 and November 2014.

For the period ended 31 March 2016 the Company is applying for the first time FRS 104 the Interim Financial Reporting Standard, issued in March 2015. The revised reporting standard for half year reporting was issued following the introduction of FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, effective for periods commencing on or after 1 January 2015. An assessment of the impact of adopting FRS 102 has been carried out and found that no restatement of the Company's Income Statement, the Statement of Changes in Equity (previously called the Reconciliation of Movements in Shareholders' Funds) or the Statement of Financial Position (previously called the Balance Sheet) for periods previously reported are considered necessary. The accounting policies used for the year ended 30 September 2015 have been applied.

### Fair Value

In preparing these financial statements the Company has adopted amendments to FRS 102: Fair Value hierarchy disclosures (March 2016) published by the FRC.

FRS 102 and FRS 104 require an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following classifications:

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 2016

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total
Equity investments	805,970	—	—	805,970
Limited liability partnership interest (Frostrow Capital LLP)	—	—	1,000	1,000
AlFM Capital contribution (Frostrow Capital LLP)	—	—	420	420
Preference shares investment	69	—	—	69
	806,039	—	1,420	807,459

#### As at 30 September 2015

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total
Equity investments	691,459	—	—	691,459
Limited liability partnership interest (Frostrow Capital LLP)	—	—	1,000	1,000
AlFM Capital contribution (Frostrow Capital LLP)	—	—	420	420
Preference shares investment	72	—	—	72
	691,531	—	1,420	692,951

## Financial Statements/Notes to the Financial Statements

### 2. Income

	(Unaudited) Six months ended 31 March 2016 £'000	(Unaudited) Six months ended 31 March 2015 £'000
Income from investments		
Franked investment income		
– dividends	5,441	4,216
Unfranked investment income		
– overseas dividends	990	707
– limited liability partnership profit-share	–	292
– limited liability partnership – priority profit-share on AIFM Capital Contribution	19	14
<b>Total income</b>	<b>6,450</b>	<b>5,229</b>

### 3. AIFM and Portfolio Management fees

	(Unaudited) Six months ended 31 March 2016 £'000	(Unaudited) Six months ended 31 March 2015 £'000
AIFM fee	584	460
Portfolio management fee	1,647	1,276
<b>Total fees</b>	<b>2,231</b>	<b>1,736</b>

### 4. Return per share

The total return per share is based on the total return attributable to equity shareholders of £65,457,000 (six months ended 31 March 2015: return of £85,874,000) and on 126,322,532 shares (six months ended 31 March 2015: 105,279,252), 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 £5,006,000 (six months ended 31 March 2015: return of £4,003,000) 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 £60,451,000, (six months ended 31 March 2015: return of £81,871,000) 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 £780,122,000 (30 September 2015: £673,690,000) and on 129,531,212 shares in issue (30 September 2015: 120,965,212).

### 6. Transaction costs

Purchase transaction costs for the six months ended 31 March 2016 were £300,000 (six months ended 31 March 2015: £304,000).

These comprise of stamp duty costs of £246,000 (31 March 2005: £224,000) and commission of £54,000 (31 March 2015: £80,000).

Sales transaction costs for the six months ended 31 March 2016 were £3,000 (six months ended 31 March 2015: £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 2016 £'000	(Unaudited) Six months ended 31 March 2015 £'000
Total return before finance charges and taxation	65,924	86,238
Less: capital return before finance charges and taxation	(60,664)	(82,044)
Net revenue before finance costs and taxation	5,260	4,194
Increase in accrued income and prepayments	(523)	(470)
Increase in creditors	38	52
Taxation – irrecoverable overseas tax paid	(105)	(95)
AlFM and portfolio management fees charged to capital	(1,495)	(1,163)
<b>Net cash inflow from operating activities</b>	<b>3,175</b>	<b>2,518</b>

### 8. 2015 accounts

The figures and financial information for the year to 30 September 2015 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 2015. The Directors are not aware of any 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.

### 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.

### 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 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 accounting policies 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 5 May 2016 and the above responsibility statement was signed on its behalf by:

**Anthony Townsend**  
Chairman



## Further Information/Glossary of Terms

### AIC

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

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.

### FTSE Disclaimer

"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 distributions of FTSE Data is permitted without FTSE's express written consent.

### Gearing

Gearing is calculated by dividing total assets (less cash/cash equivalents) by shareholders' funds, expressed as a percentage (equivalent to AIC definition of net gearing).

### Leverage

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.

---

## Further Information/Glossary of Terms

### 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.

### Net Asset Value Total Return

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.

### Share Price Total Return

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 reinvested 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:

Alliance Trust Savings	<a href="http://www.alliancetrustsavings.co.uk/">http://www.alliancetrustsavings.co.uk/</a>
Barclays Stockbrokers	<a href="https://www.barclaysstockbrokers.co.uk/Pages/index.aspx">https://www.barclaysstockbrokers.co.uk/Pages/index.aspx</a>
Club Finance	<a href="http://www.clubfinance.co.uk/">http://www.clubfinance.co.uk/</a>
Fidelity	<a href="http://www.fidelity.co.uk/">http://www.fidelity.co.uk/</a>
Halifax Share Dealing	<a href="http://www.halifax.co.uk/Sharedealing/">http://www.halifax.co.uk/Sharedealing/</a>
Hargreaves Lansdown	<a href="http://www.hl.co.uk/">http://www.hl.co.uk/</a>
HSBC	<a href="https://investments.hsbc.co.uk/">https://investments.hsbc.co.uk/</a>
iDealing	<a href="http://www.idealing.com/">http://www.idealing.com/</a>
IG Index	<a href="http://www.igindex.co.uk/">http://www.igindex.co.uk/</a>
Interactive Investor	<a href="http://www.iii.co.uk/">http://www.iii.co.uk/</a>
IWEB	<a href="http://www.iweb-sharedealing.co.uk/">http://www.iweb-sharedealing.co.uk/</a>
James Brearley	<a href="http://www.jbrearley.co.uk/Marketing/index.aspx">http://www.jbrearley.co.uk/Marketing/index.aspx</a>
Saga Share Direct	<a href="https://www.sagasharedirect.co.uk/">https://www.sagasharedirect.co.uk/</a>
Selftrade	<a href="http://www.selftrade.co.uk/">http://www.selftrade.co.uk/</a>
The Share Centre	<a href="https://www.share.com/">https://www.share.com/</a>
Sippdeal	<a href="http://www.sippdeal.co.uk/">http://www.sippdeal.co.uk/</a>
Saxo Capital Markets	<a href="http://uk.saxomarkets.com/">http://uk.saxomarkets.com/</a>
TD Direct Investing	<a href="http://www.tddirectinvesting.co.uk/">http://www.tddirectinvesting.co.uk/</a>

### Capita Asset Services – Share Dealing Service

A quick and easy share dealing service is available to existing shareholders through the Company's Registrar, Capita 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.capitadeal.com](http://www.capitadeal.com) (online dealing) or 0371 664 0445† (telephone dealing)

† 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 from 8.00 a.m. to 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 by the changing conditions in the relevant stockmarkets 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 stockmarket, 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, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent they do so, 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)  
John Allard  
Neil Collins  
Simon Hayes  
David Hunt, FCA (Chairman of the Audit Committee and Senior Independent Director)  
Vanessa Renwick

### Registered Office

50 Lothian Road,  
Festival Square,  
Edinburgh EH3 9WJ

### Website

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

### Portfolio Manager

Lindsell Train Limited  
Cayzer House,  
30 Buckingham Gate,  
London SW1E 6NN  
Telephone: 0207 802 4700  
Website: [www.lindselltrain.com](http://www.lindselltrain.com)

Authorised and regulated by the Financial Conduct Authority.

### AIFM, Company Secretary and Administrator

Frostrow Capital LLP  
25 Southampton Buildings,  
London WC2A 1AL  
Telephone: 0203 008 4910  
E-Mail: [info@frostrow.com](mailto:info@frostrow.com)  
Website: [www.frostrow.com](http://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.

### Stockbrokers

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

### Registrars

Capita Asset Services  
The Registry,  
34 Beckenham Road,  
Beckenham,  
Kent BR3 4TU  
Telephone (in UK): 0871 664 0300†  
Telephone (from overseas): +44 208 639 3399  
Facsimile: +44 (0) 1484 600911  
E-Mail: [shareholderenquiries@capita.co.uk](mailto:shareholderenquiries@capita.co.uk)  
Website: [www.capitaassetservices.com](http://www.capitaassetservices.com)

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

†Calls cost 12p per minute plus your phone company's access charge 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.

### Depository

BNY Mellon Trust & Depository (UK) Limited  
BNY Mellon Centre  
160 Queen Victoria Street,  
London EC4V 4LA  
Website: [www.bnymellon.com](http://www.bnymellon.com)

### Lending Banker

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

### Independent Auditor

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

### Share Price Listings

The price of your shares can be found in various publications including the Financial Times, The Daily Telegraph, The Times and The Scotsman. The Company's net asset value per share is announced daily on the TrustNet website at [www.trustnet.com](http://www.trustnet.com).

### Identification Codes

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

### Foreign Account Tax Compliance Act ("FATCA")

IRS Registration Number (GIIN):  
QH4BH0.99999.SL.826



This report is printed on Amadeus 100% White Silk a totally recycled paper produced using 100% recycled waste at a mill that has been awarded the ISO 14001 certificate for environmental management.

The pulp is bleached using a totally chlorine free (TCF) process.







The Association of  
Investment Companies

A member of the Association of Investment Companies

**Winner:**

- Moneywise, Investment Trust of the Year 2015, 2014, 2012 and 2011 UK Equity Income Category
- Rated Fund: Money Observer Rated Funds 2015
- FT & Investors' Chronicle Awards 2015, Best Income Fund
- Shares Awards 2014, Best Investment Trust
- Investment Week, Investment Trust of the Year 2015, 2013, 2012 and 2011, UK Income Category

**Finsbury Growth & Income Trust PLC**

25 Southampton Buildings, London WC2A 1AL

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