FINSBURY GROWTH & INCOME TRUST PLC

Annual Report for the year ended 30 September 2015

Frostrow Capital

Lindsell Train

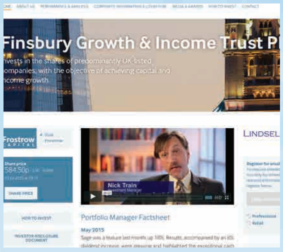
About Finsbury Growth & Income Trust PLC

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 strategy are set out on page 16.

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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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
- Money Week, Investment Trust of the Year 2011, UK Growth & Income Category
- Investment Adviser, 2013, UK Equity Income Fund of the Year
- Investors Chronicle, 2013, Best UK Equity Income Fund
- FE Trustnet FE Alpha Manager Rating 2014 (Mr Nick Train)

PREMIUM MAIN MARKET LONDON STOCK EXCHANGE

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").

The Company's net assets as at 30 September 2015 were £673.7 million (2014: £494.9 million) and the market capitalisation was £673.2 million (2014: £496.2 million).

Management

The Company is an Alternative Investment Fund ("AIF") under the European Union Alternative Investment Fund Managers' Directive ("AIFMD").

The Company has appointed Frostrow Capital LLP ("Frostrow") as Alternative Investment Fund Manager ("AIFM") to provide company management, company secretarial, administrative and marketing services. The Company and Frostrow have jointly appointed Lindsell Train Limited ("Lindsell Train") as Portfolio Manager. Further details of the terms of these appointments are provided on pages 17 and 18 and full disclosures required under the AIFMD can be found on the Company's website: www.finsburygt.com.

Performance

Performance is measured against the FTSE All-Share Index.

Capital Structure

The Company's capital structure is composed solely of ordinary shares. Details are given in note 12 to the Financial Statements on page 54.

Dividend

A first interim dividend of 5.5p per share (2014: 5.1p) was paid on 6 May 2015 to Shareholders registered at the close of business on 7 April 2015. The associated ex-dividend date was 2 April 2015.

A second interim dividend of 6.6p per share (2014: 6.2p) was paid on 12 November 2015 to shareholders registered at close of business on 9 October 2015. The associated ex-dividend date was 8 October 2015.

ISA Status

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

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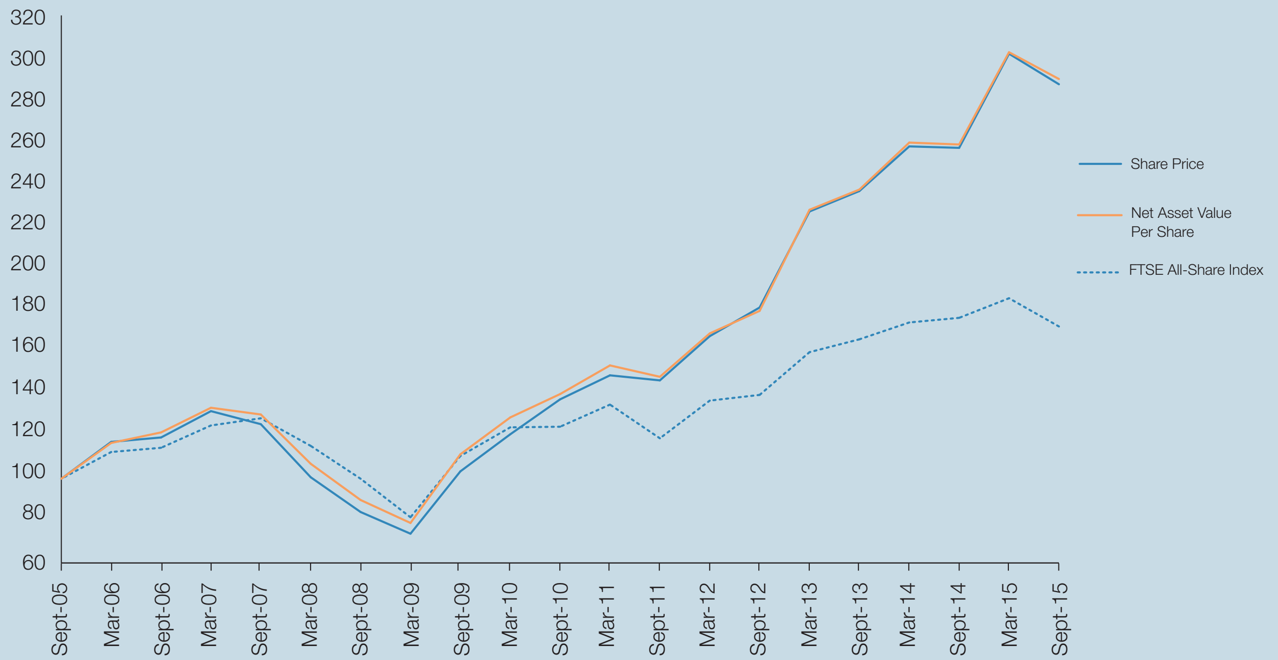
Strategic Report / Company Performance

The Company was incorporated in Scotland on 15 January 1926. Lindsell Train was first appointed as Investment Manager in December 2000. The total return of the Company's net asset value per share over the 10 years to 30 September 2015 has been 189.8%*, equivalent to a compound annual return of 11.2%*. This compares to a total return of 72.3%* from the Company's benchmark, equivalent to a compound annual return of 5.6%*.

*Source: Morningstar, FTSE International Limited ("FTSE")©FTSE 2015

Ten Year Total Return Performance to 30 September 2015



Rebased to 100 as at 30 September 2005 Source: Morningstar

Financial Highlights for the Year

Share price total return

+11.8%

2014: +8.6%

Net asset value per share total return

+12.0%

2014: +8.9%

FTSE All-Share Index total return

(2.3%)

2014: +6.1%

Share price

556.5p

2014: 509.0p

+9.3%

Net asset value per share

556.9p

2014: 507.7p

+9.7%

Dividends for the year

12.1p

2014: 11.3p

+7.1%

Source: Morningstar, FTSE International Limited ("FTSE")©FTSE 2015

Strategic Report / Company Performance

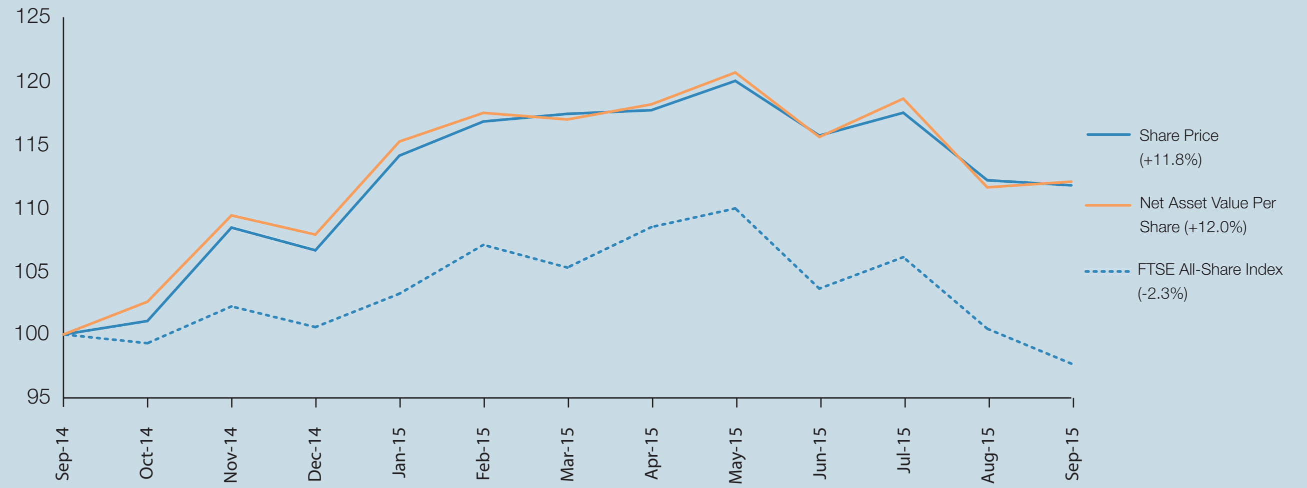
Financial Highlights continued

	As at 30 September 2015	As at 30 September 2014	% Change
Share price	556.5p	509.0p	+9.3
Net asset value per share	556.9p	507.7p	+9.7
(Discount)/premium of share price to net asset value per share	(0.1%)	0.3%	
Gearing*	2.9%	4.0%	
Shareholders' funds	£673.7m	£494.9m	+36.1
Number of shares in issue	120,965,212	97,480,212	+24.1

	Year ended 30 September 2015	Year ended 30 September 2014	% Change
Share price total return#	+11.8%	+8.6%	
Net asset value per share total return#	+12.0%	+8.9%	
FTSE All-Share Index total return (Company benchmark)# +	(2.3%)	+6.1%	
Ongoing charges*	0.8%	0.8%	
Dividends per share			
First interim dividend	5.5p	5.1p	
Second interim dividend	6.6p	6.2p	
Total for the year	12.1p	11.3p	+7.1%

#Source – Morningstar
+Source – FTSE International Limited ("FTSE")©FTSE 2015*
*See glossary on page 71

One Year Total Return Performance to 30 September 2015



Rebased to 100 as at 30 September 2014 Source: Morningstar

Strategic Report / Chairman's Statement

Anthony Townsend
Chairman

Dear Shareholder,

Performance

I am pleased to report that the Company's net asset value per share total return for the year was 12.0% (2014: 8.9%) and the share price total return was 11.8% (2014: 8.6%). Both have again outperformed the Company's benchmark, the FTSE All-Share Index, measured on a total return basis, which fell by 2.3% over the same period (2014: increased by 6.1%). The principal contributions to net asset value performance came from our major holdings in Sage Group, London Stock Exchange and Hargreaves Lansdown.

The Company's continued good performance and the resulting strong demand for its shares has caused them to trade at a premium to the cum income net asset value per share consistently throughout the year. During the year the Company's shares traded at an average premium of 0.4% relative to NAV per share (2014: 0.7%).

It is also particularly pleasing to note that our Portfolio Manager's strategy continues to deliver excellent returns since their appointment in late 2000 with £1,000 invested in the Company ten years ago now being worth £2,898. This compares to a total return of £1,723 from the Company's benchmark index, the FTSE All-Share Index, over the same period.

Share Capital

Consistent demand for the Company's shares led to the issue of a total of 23,485,000 new shares during the year, ensuring that the share price premium was effectively managed throughout the year. The net proceeds received by the Company from the issue of these new shares amounted to £131.8 million. In order to facilitate this demand a new blocklisting authority was obtained from the UK Listing Authority in July 2015 so that the Company can continue to issue shares in accordance with the Prospectus Directive. 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 in February 2015, at a General Meeting held in July 2015 and again at a further General Meeting held in November 2015.

The Company's share issuance authority will be proposed for renewal at the Company's Annual General Meeting to be held on 4 February 2016 and as part of this process a new prospectus will be issued shortly.

Return and Dividend

The Income Statement shows a total return per share of 54.3 pence per share (year ended 30 September 2014: 39.6 pence) consisting of a revenue return per share of 13.5 pence (year ended 30 September 2014: 12.6 pence) and a capital return per share of 40.8 pence (year ended 30 September 2014: 27.0 pence).

The Company's net revenue return during the year was up just over 7% from last year (on a per share basis) and your Board has declared two interim dividends for the year totalling 12.1 pence per share (year ended 30 September 2014: 11.3 pence) a year-on-year increase of 7.1%. This is in line with the Board's long-term objective of maintaining a progressive dividend policy.

In light of the continued strong demand for the Company's shares and in order to facilitate dividend payments on a timely and cost effective basis, your Board continues to elect to distribute the Company's income to shareholders by means of two interim dividends. We continue to keep under review the possibility of paying quarterly dividends, but as the Company is not a high income fund and with the majority of holdings in our portfolio paying only two dividends a year, we do not believe the additional costs associated with a quarterly dividend would currently be justified.

Gearing

The Company is in the second year of its three-year secured fixed term revolving credit facility of £50 million with Scotiabank Europe PLC. As at the year-end a total of £29.0 million was drawn down from this facility (30 September 2014: £23.1 million). As I reported in the Company's Half Year Report, on 18 March 2015 the Board increased the commitment under the Facility Agreement by an amount of £20 million to a total of £50 million. Further details can be found within the Report of the Directors on page 65.

Strategic Report / Chairman's Statement

The Board

The Board was delighted to announce earlier this year the appointment of Mr Simon Hayes as a Director of the Company, with effect from Monday, 29 June 2015. Simon is the Chief Executive of Peel Hunt LLP. He joined Peel Hunt in 1993 and was appointed Head of Corporate Finance in 2003 and Chief Executive in 2006.

Simon's appointment will be proposed to shareholders for ratification at the Annual General Meeting of the Company to be held in February 2016. In accordance with our policy of all directors standing for re-election annually, you will find the appropriate resolutions, together with Simon's resolution for election, in the notice of the Annual General Meeting on page 74 of this annual report.

Proposed Changes to the Company's Articles of Association

It is proposed that the Company adopts new Articles of Association (the "Articles") to enable it to comply with its obligations under various international tax regulations. A Special Resolution will be proposed at the Annual General Meeting which will, if passed, approve the adoption of the amended Articles. The material differences between the current and the proposed Articles are summarised on page 83.

Corporate Registration

As referred to in the previous annual report, the Board last year undertook a review of the Company's registration in Scotland and the cost implications associated with re registration in England. Given the outcome of the Scottish referendum, the Board subsequently decided to take no further action. However, in view of the outcome of the 2015 general election, the Board will keep the matter under review.

Outlook

The global economic recovery continued in 2015, albeit patchily, and there are indicators that suggest market conditions may continue to gradually improve in 2016. Our Portfolio Manager sets out their views on the prospects for your portfolio on pages 12 to 14. Your Board continues to support fully our Portfolio Manager's strategy of investing in high quality companies that own both durable and cash generative brands. We believe firmly that this will continue to deliver strong investment returns to shareholders over the longer term.

Annual General Meeting

As a result of the ever growing number of shareholders who choose to attend our meetings the Board has had to find a new and larger venue. The Annual General Meeting of the Company this year will be held at Guildhall, City of London EC2P 2EJ (please use the Basinghall Street Entrance) on Thursday, 4 February 2016 at 12 noon, and we hope as many shareholders as possible will attend. This will be an opportunity to meet the Board and to receive a presentation from our Portfolio Manager. We thank you for your continued support.

Further details of the location of the Company's Annual General Meeting can be found on page 80.

Anthony Townsend
Chairman

10 December 2015

Strategic Report / Discount Control Mechanism ("DCM")

Shareholders in the Company will know that the principal difference between investment trusts and the other most common collective investment vehicles, unit trusts and open ended investment companies ("OEICs"), is that

- to participate in unit trusts and OEICs, investors apply to the fund managers for new units or shares. These are normally issued and redeemed at or near to net asset value ("NAV") per share, whereas
- to participate in an investment trust requires the purchase or sale of the shares in that trust through the stock market.

The shares in an investment trust usually trade at a price closely linked to its NAV per share, but they seldom if ever trade at exactly the NAV per share, or at "par" as it is known. Historically the great majority of investment trusts have traded at a discount to NAV per share, often well into double digits, although there are a select few, usually specialist, trusts that trade at a premium.

There are some investors who find the ability to buy stock in investment trusts at a discount attractive, although they are rarely so enthusiastic if they have to sell at a discount. However, your Directors believe that it is in the best interests of all our shareholders (whether buying, holding or selling) that the Company's shares trade at a price as close to NAV per share as possible.

The level of discount, or premium, at which investment trust shares trade is very substantially affected by the law of supply and demand; put simply a much sought-after share rarely trades at a significant discount and may even trade at a premium, whereas out of favour shares often move to material discounts.

In an effort to try to eliminate discount volatility, your Directors introduced a discount control mechanism ("DCM") in 2004. Under our DCM, we will normally buy in the Company's shares being offered on the stock market whenever the discount reaches a level of 5% or more and then hold those shares in "treasury". Shares held by a company in treasury are, for accounting purposes, effectively eliminated but, legally and for Stock Exchange purposes, they continue to exist, which means they can later be sold back to the market if conditions permit.

In recent years the Company's successful performance has generated substantial investor interest, which in the absence of the other side of our DCM could have led to our shares moving to a significant premium to NAV per share. Your Directors consider that limiting the premium is just as important as limiting the discount; no-one likes to pay over the odds for an investment! The other side of our DCM is therefore that whenever there are unsatisfied buying orders for our shares in the market, we issue new shares at a small premium to NAV per share. This ensures that there is no asset dilution to our existing shareholders, but stops the market price going to a significant and possibly unsustainable premium. We do therefore effectively become a market maker in our own shares and you can see from the chart on page 7 how successful that has been.

These two sides of our DCM are widely to be found elsewhere in the investment trust sector, but there is a third aspect to ours that is rare. As explained above, shares held in treasury continue to exist legally and can be re-sold, but in most cases shareholders will only permit that if they are re-sold at NAV per share or higher. For many years we have sought and obtained the authority of our shareholders to re-sell shares held in treasury at a discount to NAV per share, provided that any sale is at a narrower discount to NAV per share than that prevailing when the shares were bought in. The round trip of buying them in and then selling them out again at a finer discount is always asset-accretive to shareholders, but it is the increased liquidity that this arrangement permits that is the real benefit.

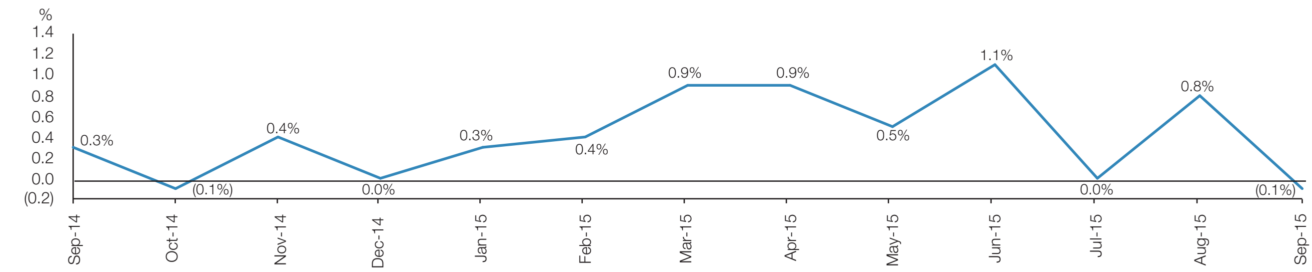
We have not had to use this power for many years, but there was a point some years ago where it was very useful to us in helping us place a large holding of shares in the Company that was too large for the market to digest in one go. We therefore bought part of that holding into treasury and then sold the shares out to the market over the next few months in smaller parcels at a finer discount. The whole operation was a great success and we are therefore very keen to keep this power in our DCM armoury.

It is Resolutions 10, 11, 12 and 13 in the Notice of Annual General Meeting beginning on page 74 that enable us to operate what we consider to have been a very effective DCM in recent years and we strongly recommend that shareholders therefore vote in favour of those resolutions in order to continue it.

Strategic Report / Discount Control Mechanism ("DCM")

The chart below demonstrates the premium/(discount) that the Company shares traded at during the year relative to NAV per share.

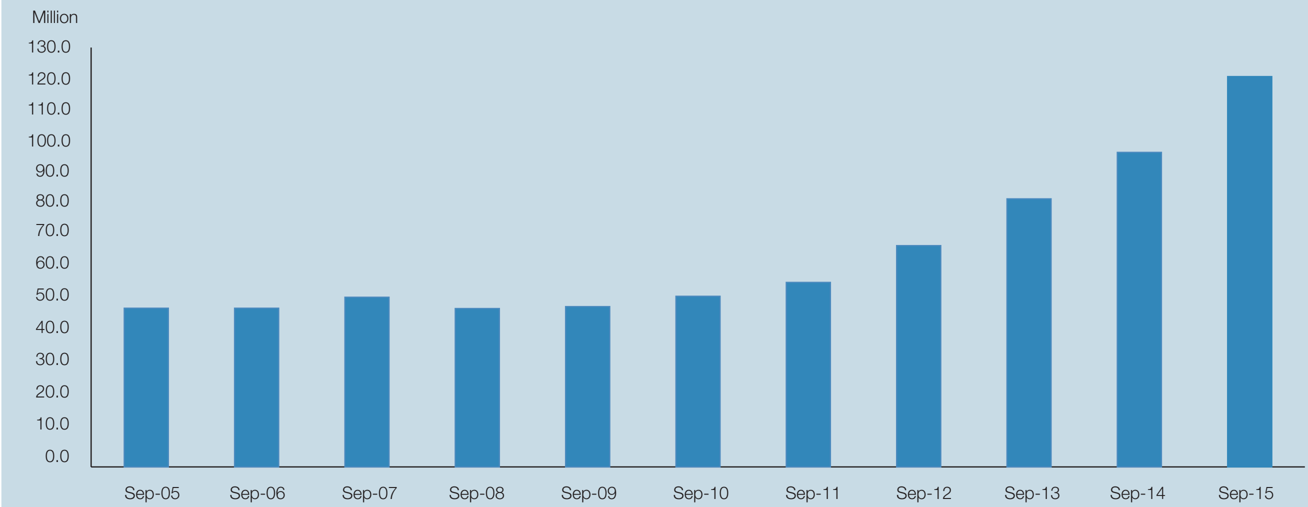
One Year Premium/(Discount) of Share Price to NAV per Share to 30 September 2015



Source: Frostrow Capital LLP

The discount of the Company's share price to the net asset value per share at 30 September 2015 stood at 0.1%.

Number of Shares in Issue (excluding Treasury Shares)



Source: Frostrow Capital LLP

Strategic Report / Investment Portfolio

Investments as at 30 September 2015

Investments	Fair value 2014 £'000	Purchases £'000	Sales £'000	Capital appreciation/ (depreciation) £'000	Fair value 2015 £'000	% of investments
Unilever	46,564	16,887	–	1,260	64,711	9.3
RELX (formerly Reed Elsevier)	37,061	17,503	–	6,080	60,644	8.8
Diageo	42,810	16,376	–	(943)	58,243	8.4
Heineken [1]	34,719	4,658	–	5,609	44,986	6.5
Hargreaves Lansdown	19,240	16,981	–	8,281	44,502	6.4
Sage Group	23,939	9,601	–	9,285	42,825	6.2
London Stock Exchange	31,832	315	(802)	9,193	40,538	5.9
Pearson	37,882	3,686	–	(3,926)	37,642	5.4
Schroders	25,083	5,561	–	4,126	34,770	5.0
Burberry Group	28,146	10,711	–	(4,149)	34,708	5.0
Mondelez International [2]	13,028	13,208	–	5,789	32,025	4.6
Daily Mail & General Trust (non-voting)	24,175	5,986	–	(1,218)	28,943	4.2
Rathbone Brothers	23,121	144	–	1,908	25,173	3.6
A.G. Barr	26,809	–	–	(4,019)	22,790	3.3
Fidessa	25,668	854	–	(5,649)	20,873	3.0
Dr.Pepper Snapple [2]	13,110	1,140	–	4,198	18,448	2.7
Greene King	14,434	–	–	184	14,618	2.1
The Kraft Heinz Company [2] #	7,793	(1,683)	–	5,044	11,154	1.6
Thomson Reuters [3]	9,130	–	–	1,575	10,705	1.6
Remy Cointreau [4]	–	9,337	–	1,068	10,405	1.5
Young & Co's Brewery (non-voting)	7,591	27	–	1,412	9,030	1.3
Euromoney Institutional Investor	9,428	–	–	(608)	8,820	1.3
Fuller Smith & Turner	6,314	–	–	1,435	7,749	1.1
The Lindsell Train Investment Trust	3,680	–	–	1,220	4,900	0.7
Celtic *	2,181	225	–	(77)	2,329	0.3
Frostrow Capital LLP [5]	740	–	–	260	1,000	0.1
Frostrow Capital LLP AIFM Investment [5]	320	100	–	–	420	0.1
	514,798	131,617	(802)	47,338	692,951	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 Canada
[4] Listed in France
[5] Unquoted partnership interest

On 6 July 2015 Kraft Foods Group was acquired by Heinz Holding Corporation. As part of the Corporate Action, £2,524,000 return of capital was received, this amount has been netted off against purchases made during the year totalling £841,000. Also as part of the transaction one new share in Kraft Heinz for every one share held in Kraft Foods was received. The combined entity has been renamed "The Kraft Heinz Company"

* Includes Celtic 6% cumulative convertible preference shares, fair value £72,000 (2014: £72,000).

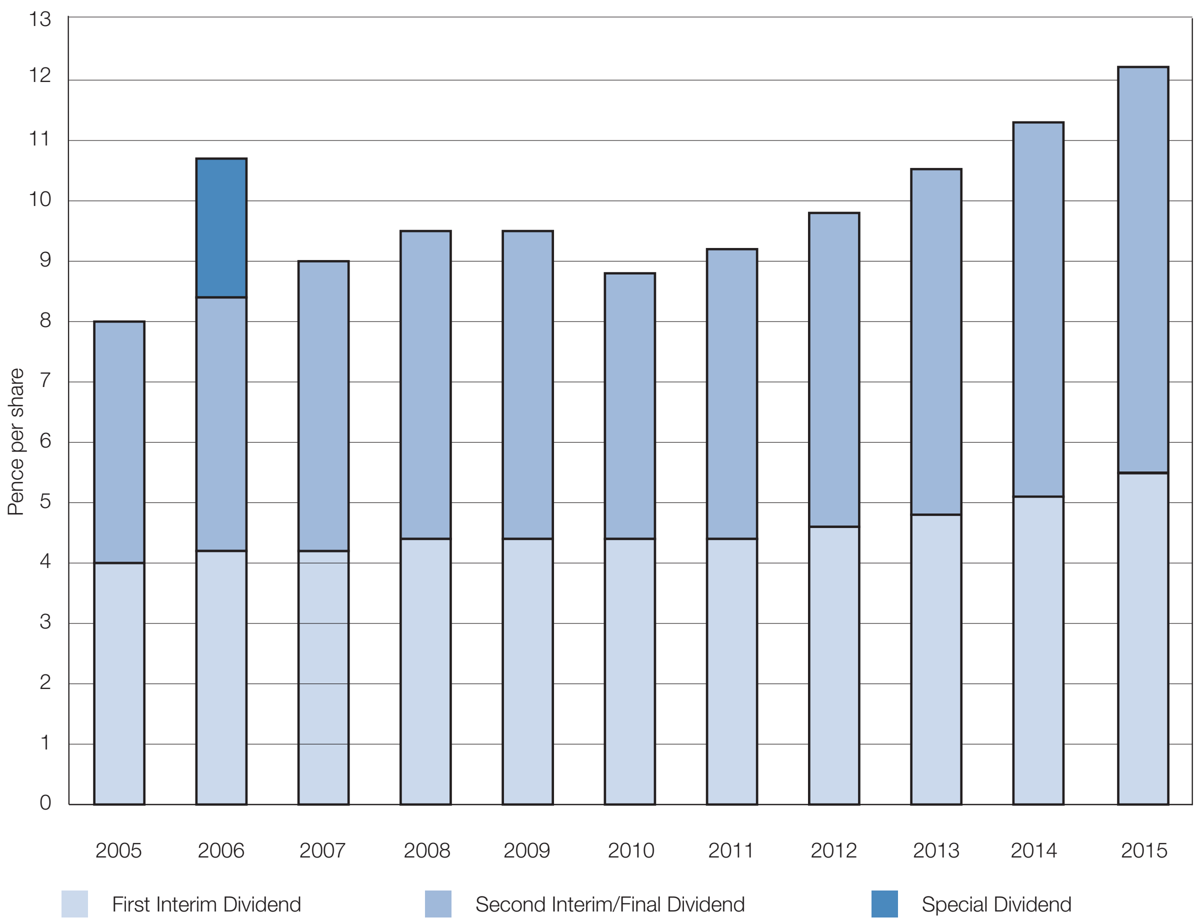
Strategic Report / Performance Summary

Five Year Performance Summary

	30 Sep 2011	30 Sep 2012	30 Sep 2013	30 Sep 2014	30 Sep 2015
Share price	308.1p	376.0p	479.0p	509.0p	556.5p
Share price total return*	+6.5%	+23.6%	+30.5%	+8.6%	+11.8%
Net asset value per share	310.3p	370.7p	476.1p	507.7p	556.9p
Net asset value per share total return*	+5.8%	+21.1%	+31.6%	+8.9%	+12.0%
FTSE All-Share Index total return**	(4.4)%	+17.3%	+18.9%	+6.1%	(2.3)%
Revenue return per share	9.7p	10.8p	12.7p	12.6p	13.5p
Dividends per share	9.2p	9.8p	10.5p	11.3p	12.1p

*Source: Morningstar
**Source: FTSE International Limited ("FTSE")©FTSE 2015†
†See glossary on page 71

Dividend Record



Source: Frostrow Capital LLP

Strategic Report / Contributions to Total Return

for the Year ended 30 September 2015

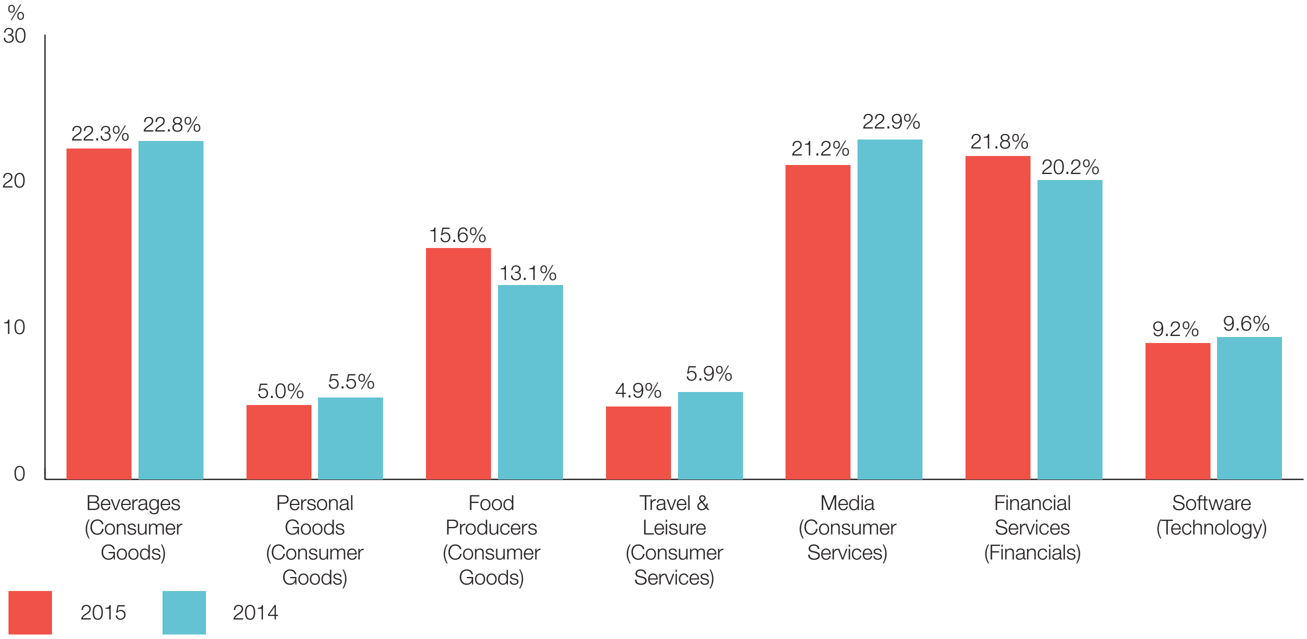
Investments	Total return £'000	Contribution per share (pence)*
Equities		
Sage Group	10,226	9.4
London Stock Exchange	9,750	9.0
Hargreaves Lansdown	9,469	8.7
RELX (formerly Reed Elsevier)	7,312	6.7
Heineken	6,324	5.8
Mondelez International	6,139	5.6
The Kraft Heinz Company †	5,320	4.9
Schroders	5,075	4.7
Dr. Pepper Snapple	4,551	4.2
Unilever	3,046	2.8
Rathbone Brothers	2,566	2.4
Thomson Reuters	1,876	1.7
Young & Co's Brewery (non-voting)	1,585	1.5
Fuller Smith & Turner	1,551	1.4
The Lindsell Train Investment Trust plc	1,292	1.2
Remy Cointreau	1,068	1.0
Diageo	736	0.7
Greene King	731	0.7
Celtic	(76)	(0.1)
Euromoney Institutional Investor	(395)	(0.4)
Daily Mail & General Trust (non-voting)	(521)	(0.5)
Pearson	(2,224)	(2.0)
Burberry Group	(3,370)	(3.1)
A.G. Barr	(3,493)	(3.2)
Fidessa	(4,714)	(4.3)
	63,824	**58.8**
Preference shares (franked income)		
Celtic 6% (cumulative convertible preference shares)	5	–
	5	**–**
Unquoted		
Frostrow Capital LLP	583	0.5
Total contribution	**64,412**	**59.3**
Expenses and finance charges	(5,405)	(5.0)
Total contribution for the year	**59,007**	**54.3**

*Based on 108,624,916 shares, being the weighted average number of shares in issue during the year ended 30 September 2015.
†On 6 July 2015 Kraft Food Group was acquired by Heinz Holding Corporation. The combined entity has been re-named The Kraft Heinz Company.

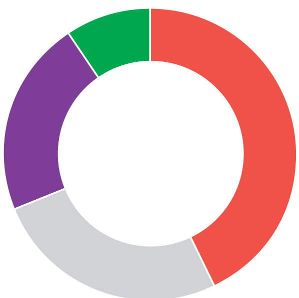
Strategic Report / Portfolio Analysis

Investment as at 30 September 2015

Sector Analysis



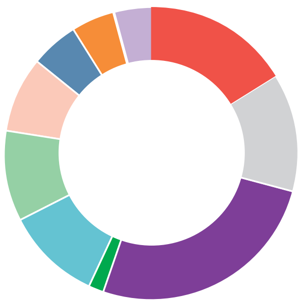
Portfolio Sector Weightings
2015



Consumer Goods	42.9%
Consumer Services	26.1%
Financials	21.8%
Technology	9.2%

Source: Frostrow Capital LLP

FTSE All Share Sector Weightings*
2015



Consumer Goods	16.3%
Consumer Services	12.9%
Financials	26.3%
Technology	1.6%
Oil & Gas	10.4%
Industrials	10.1%
Health care	8.5%
Telecommunications	5.1%
Basic Materials	4.9%
Utilities	3.9%

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

Strategic Report / Portfolio Manager's Review

Nick Train
Lindsell Train Limited
Portfolio Manager

It was drilled into me many years ago that there should never be any slack or deadwood in an "active" investment portfolio. There should be a reason for every holding and a live, current justification for the disposition of every penny of the capital entrusted to you.

Your Company has a concentrated portfolio which we believe meets that test. Every holding is a business that meets our investment criteria. This is most simply summarised as – the business owns a brand or franchise that makes it more or less unique. We want to be convinced that it would be difficult for any competitor to replicate the assets of our investee companies; ideally at all, or failing that, not to be able to replicate them for anything like their current enterprise value. In addition, none of our holdings currently trades at a price which we regard as excessive – there is more or less upside to our valuation targets.

We list here the key brands and franchises that comprise the earnings power of your Company's portfolio. However hackneyed, these are the properties that make me feel comfortable when I add to my own investment in the Company.

Consumer Brands

Dove, Hellmans, Knorr, Magnum, Rexona
Johnnie Walker, Smirnoff, Captain Morgan, Baileys, Tanquerey, Guinness, Crown Royal
Heineken, Amstel, Kingfisher, Sol, Strongbow, Tiger
Burberry
Cadbury, Halls, Milka, Nabisco, Oreos, Ritz, Toblerone
Dr Pepper, 7UP, Schweppes, Snapple
Heinz, Philadelphia
Greene King IPA, Old Speckled Hen
IRN-BRU, Rubicon
London Pride
Young's
Remy Martin, Cointreau

Media/Software Brands

Elsevier, New Scientist, The Lancet, Lexis-Nexis
Sage
Longman, Addison-Wesley, Prentice Hall
Daily Mail, MailOnline, Euromoney, Metal Bulletin, Bank Credit Analyst, Institutional Investor
Fidessa
Reuters, Westlaw
Celtic FC

Market Proxy Brands

LSE, FTSE, LCH, Russell
Schroders, Cazenove
Rathbones
Hargreaves Lansdown

Having said all this – of course not every company is equally special and we are alert to price/value issues in some names, after strong or weaker investment performance. Below is a brief account of where we think we are with each holding.

A.G. Barr. Shares have begun to tread water for the first time in years and we are again gently adding for other Lindsell Train accounts with lower weightings than the Company. A.G. Barr has a 22% share of the Scottish carbonates market and 3% in England. There is plenty of scope for key brands IRN-BRU and Rubicon to grow south of the border and the cannily conservative balance sheet is a comfort.

Burberry Group. Modest lease-adjusted net debt of only £400m is sensible for Burberry, with its undeniable fashion and geographic risk. Notwithstanding recent fluctuations, its Asian franchise remains enviable and we expect the Chinese to cease aspiring to wear Burberry gabardine around the same time as they lose their thirst for premium cognac. We still see Hermès as the best quoted comparator for Burberry and note the French company is valued far more highly (Hermès has a price/earnings ratio of 35x against Burberry's 17x and a price/sales ratio of 7x against Burberry's 2.5x). Quoted luxury/prestige brands of Burberry's calibre are rare anywhere and unique in the UK. This rarity is valuable.

Celtic. The company has reported a c£4m annual loss (last year £11m profit) but was able to add to its net cash balances, now at £4.7 million. This last factor is important. The company is committed to living within its means; as it needs to in the current straitened circumstances for Scottish football. But note that Celtic still generated revenues of £50m last year. Recent transactions for top tier soccer franchises have taken place at 5.0x revenues or higher. Notionally Celtic might be worth

Strategic Report / Portfolio Manager's Review

£250m, against its sub £70m market capitalisation. We continue to build our holding in this unique global brand.

Daily Mail & General Trust. The UK has failed to produce a Facebook, Google or Alibaba. However it has turned out the world's most visited online English-language newspaper – MailOnline – and this is no trivial thing. There is manifestly a buoyant market in the US for media assets that attract millions of eyeballs as recent deals Verizon/AOL and notably NBC/Buzzfeed demonstrate. Daily Mail owns a nice collection of B2B digital assets, exhibitions and a dying print newspaper (which will generate a lot more cash before ultimate expiry). We calculate the current market capitalisation could easily be accounted for by just these. MailOnline – currently loss-making – comes for free, but could be worth billions one day.

Diageo. Even the best companies go through tough periods and cost investors unrealised losses – even Coke is still below its 1998 peak. We find it hard to swallow that Diageo could lose 8% operating profits in one emerging market – Venezuela. But here we are – earnings and stock in the doldrums. Note though, that Diageo recently refinanced its book of debt at a new low rate of 3.5%. That tells us investors regard the cash flows as exceptionally safe. It strikes us that 3.5% is not far from the current dividend yield on the ordinary shares meaning, effectively, Diageo could swap equity for debt at virtually no cost, boosting earnings on the remaining if it, or someone else, wanted to do so.

Dr. Pepper Snapple. From $14 in 2009 to $82 today, it has been an amazing run, a great advertisement for spin-offs in general and standing rebuke to Cadbury management that it was unable to unlock this value for UK shareholders. We can't expect a further quintupling over the next 6 years, but Dr. Pepper remains an attractive vehicle to play US population growth, particularly Hispanic and a strong US$ (it has no earnings outside North America).

Euromoney Institutional Investor. Tough times for this owner of "must-have" information services for participants in financial and emerging markets and commodity industries. Quality of earnings is improving even before any recovery in these markets, as advertising drops to circa 10% of revenues, replaced by subscriptions to digital services. To be clear, Euromoney is one of the best collections of B2B assets we know anywhere in the world. Daily Mail's 66% holding provides an important backstop for the price.

Fidessa. Shares have lost 25% this year as trading disappointed. Capacity is still coming out of European investment banking and Fidessa's new and successful derivatives product – 35% growth, now 8% of the total – has not been enough to get the top line moving. We believe its service remains business-critical for customers (which comprise some 85% of the premier banks/brokers worldwide). We're great supporters of management, but can't help noting that another UK software company, AVEVA, was bid for recently, after a period when its end markets were suffering (energy). A takeout for Fidessa on the same terms could treble the shares.

Greene King. Dividends have grown at 8% compound for more than a quarter of a century and the company operates a business model we like (asset-backed pub retail, with own brand brewing). However the company has recently closed a major acquisition, in the process issuing a lot of new shares and we are content just now to watch how the deal beds in.

Hargreaves Lansdown. From a peak in early 2014, Hargreaves Lansdown has become somewhat cheaper. This reflects a share price still 10% down, but also continued, strong asset and profit growth. The bears would say it needs to get cheaper still, because of the high price/earnings ratio, but it's easy to forget almost all Hargreaves Lansdown's business investment goes through the P&L, depressing earnings and making it look more expensive than it actually is. Still a "young" company, we think.

Heineken. The most recent dividend increase was 22%. The Heineken family may be signalling to the other big family shareholder (the Mexicans who sold Sol to Heineken and own 15%) that continuing independence will bring tangible cash rewards. No doubt SAB's very public approach to Heineken last year was a shock. Now the bid for SAB confirms another round of industry consolidation and Heineken is a prize brand.

The Kraft Heinz Company. This Warren Buffet-backed merger has created a formidable combination; with cost savings and possible future deals to look forward to. We have added to the holding in recent months. However, of all our consumer branded goods companies this is the one with the highest exposure to processed foods – a lower growth category. A possible source of funds.

London Stock Exchange. Shares have quadrupled in 5 years – creating huge value for the Company's shareholders. They trade on circa 6.0x annual revenues, in line with Deutsche Bourse. We remain a committed holder, but would love to be offered a period of consolidation before buying more.

Mondelez International. The owner of Cadbury and Kraft's confectionary and biscuit brands. These are "good" food brands – affordable treats that have successfully resisted own-label copycats. Mondelez has been dealing with activist

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investors almost as soon as it de-merged from Kraft, with Trian attempting to broker a merger with PepsiCo and now Pershing Square taking a 7% stake. Cadbury really has been the gift that keeps on giving to Company shareholders.

Pearson. 12 months ago we had two concerns about Pearson. First, the challenge of migrating its analogue educational publishing assets to digital – in short, turning text books into software services. Next its increasingly creaky balance sheet. Today, after disposing of the Financial Times and The Economist at, to us, satisfactory prices, the latter worry has been dealt with. What can be said now is that Pearson has the potential to consolidate its existing position as global leader in not just the creation of educational software, but also its effective implementation. We think this is one of the better "growth" ideas in the UK stock market. But acknowledge that success is not guaranteed.

Rathbone Brothers. One of the best dividend growth histories in the portfolio – 2.8p to 54p in 25 years is an impressive 14% compound. Well-run private wealth management is clearly an inherently cash generative and stable model, whatever the ups and downs of markets (as long as they are mostly up over time).

RELX. Morgan Stanley puts the bull case for RELX (formerly Reed Elsevier) best: "There is a growing appreciation of the fusion of Big Data and high speed computing power to inform and drive decision-making in the professional industries RELX serves – raising barriers to entry and the value of its services." The company is the world's 4th largest digital business as measured by revenues. We expect revenues and the stock market rating to rise materially from here. A key strategic holding.

Remy Cointreau. Our newest holding. Take a look at the valuation of Brown Forman if you want to understand why a patient investor might look at Remy.

Sage Group. A big contributor to the Company over the last 12 months – still up 12.5% in 2015. Seen as a dowdy dividend stock by UK investors, Sage's recently announced joint ventures in "cloud" computing with Salesforce and Microsoft have reminded them that a 6 million customer base, spread across UK, Europe, USA and South Africa offers a huge untapped pool of purchasers of new software services. Secular technology growth is rare in the UK's resource heavy stock market. Sage's shares are still 35% below their 2000 peak – we think there's a decent chance they will at last take that old top out in this bull market.

Schroders. One analyst we know describes the company as "boring" - but in a flattering way. And we know what he means. Schroders is well diversified by client type, asset class and geography and with its scale something is always going right somewhere for performance or a particular asset class. Again, if in doubt look at the dividend history: from 1.8p in 1988 to 83p in 2015 is 15% compound. The fact is capital markets go up over time and savings flows tend to be directed to trusted custodians. This will drive dividends in decades to come. Schroders is big by UK standards, with circa £350bn assets under management. But Blackrock at £3.1 trillion or Fidelity at £3.4 trillion are reminders there's a lot more to go for.

Thomson Reuters. On balance it might have been better to have sold our Reuters stock in 2007, when it was bid for, rather than retain equity in the merged group. The shares are only circa 10% higher than when the deal was done. However, since 2012 they have doubled, as the merger benefits have come through and are up 14% in 2015. The legal franchise, Westlaw, is global #1 and Compliance and parts of Reuters News and Financial (currency trading in particular) are also world class.

Unilever. Emerging markets have taken a beating in Summer 2015, which has been unhelpful for sentiment toward Unilever. Fortunately the company has been cleverly run in recent years and has strengthened its balance sheet through the good times. Earlier this year the company was able to issue 7 year debt at an interest rate of just 0.5%, testament to its financial strength. Its financial and brand strength means Unilever won't just survive, it will thrive for far longer than most UK quoted companies. It is no accident that this is our biggest holding.

Young's/Fuller's. Strong share price performance over the past decade discourages us from adding to these wonderful parcels of assets. But we would never get the equity back if we sold and perhaps one day there will be an opportunity to accumulate again.

Nick Train
Director
Lindsell Train Limited
Portfolio Manager

10 December 2015

Strategic Report / Investment Themes

Although your investment portfolio is best analysed as a collection of individual, more or less unique companies it can also be understood as offering access to three strategic investment ideas. These three semi-permanent ideas have driven investment performance over the 15 years of our responsibility and we see no reason to give up on them today.

First consumer branded goods, with their predictable cash flows and promise of protection against monetary inflation.

Next media and software; where we try to identify companies with "content" or services that viewers or users feel they can't do without.

Finally, we participate in the long term health and success of stock markets by investing in strong franchise proxies for wealth creation; the London Stock Exchange itself and several fund management companies.

Astute Company shareholders will note that a common denominator across these three themes is that each is underpinned as much by intellectual as physical capital. Investment returns earned on ideas do best.

Nick Train
Director
Lindsell Train Limited
Portfolio Manager

10 December 2015

Strategic Report / Business Review

The Directors present their Strategic Report for the Company for the year ended 30 September 2015. The Strategic Report, set out on pages 2 to 23, contains a review of the Company's strategy and business model, an analysis of its performance during the financial year and its future developments and details of the principal risks and challenges it faces. Its purpose is to inform the shareholders of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company.

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 Strategy

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. 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 up to 30 investments. This level of concentration may lead to an investment return which is materially different from the Company's benchmark index and may be considered to carry above average risk. Unless driven by market movements, securities in FTSE 100 companies and comparable companies listed on an overseas stock exchange 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.

The Board believes that the Company's performance over the last 10 years (net asset total return of 189.8% compared to a total return from the Company's benchmark index of 72.3%) demonstrates that it is possible to achieve good performance through investing principally in UK equities without buying and selling portfolio securities on a short term basis. The Company continues to perform competitively because the Portfolio Manager concentrates on the strengths and weaknesses of individual companies.

Whilst performance is measured against the FTSE All-Share Index, the Company's portfolio is constructed and managed without reference to a stock market index, investments being selected only after extensive research by the Portfolio Manager. The Portfolio Manager uses a bottom-up stock picking approach and looks to invest in a universe of excellent listed businesses that appear undervalued. It is the Board's long-term objective, as far as possible, to maintain a progressive dividend policy.

The Company does not and will not invest more than 15%, in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.

Further, the Company does not and will not invest more than 10%, in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange, except where the investment companies themselves have stated investment policies to invest no more than 15% of their gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.

No investment will be made in any company or fund managed by the Portfolio Manager without the prior approval of the Board.

The Company's gearing policy is that gearing will not exceed 25% of the Company's net assets. In normal market conditions it is expected that the level of gearing will be between 5% and 25% of the Company's net assets.

The Company has the ability to invest up to 25% of its gross assets in preference shares, bonds and other debt instruments, although no more than 10% of any one issue may be held. In addition, a maximum of 10% of the Company's gross assets can be held in cash, where the Portfolio Manager believes market or economic conditions make equity investment unattractive or while seeking appropriate investment opportunities or to maintain liquidity.

In accordance with the Listing Rules of the Financial Conduct Authority ("FCA"), the Company can only make a material change to its investment policies with the approval of its shareholders.

In accordance with the AIFM Directive the Company has set a maximum leverage limit of 125% for both the 'gross method' and the 'commitment method'. Leverage is defined in the AIFM Directive as any method by which the AIFM increases the exposure of an Alternative Investment Fund ("AIF") it manages whether through borrowing of cash, or leverage embedded in derivative positions. The two methods are largely the same in the context of the Company on the grounds that derivative strategies are not employed by the Portfolio Manager. The overall leverage of an AIF is expressed as a ratio between the exposure of the AIF and its net asset value.

Strategic Report / Business Review

Business Model

The Company has no employees and all of its Directors are non-executive. The Company delegates its day-to-day activities to third parties. The principal service providers to the Company are Frostrow Capital LLP ("Frostrow") which has been appointed as AIFM, company secretary and administrator; Lindsell Train Limited ("Lindsell Train") which has been appointed as Portfolio Manager; and BNY Mellon Trust & Depositary (UK) Limited which has been appointed as the Depositary.

Lindsell Train was originally appointed as Investment Manager to the Company in December 2000. Lindsell Train has given Mr Nick Train responsibility for managing the Company's portfolio. Mr Train was previously head of Global Equities at M&G PLC and head of Pan-European Equities at GT Management PLC. Mr Train has managed money in the UK equity market since 1983, including the top decile performer GT Income Fund (1985-1998). Lindsell Train is authorised and regulated by the FCA.

Frostrow has been appointed as the AIFM. It is also responsible for providing company secretarial, administrative, accounting and marketing services to the Company. Frostrow was established in 2007 to provide specialist management, company secretarial, administration and marketing services to investment companies. Frostrow is authorised and regulated by the FCA.

The Board is responsible for all aspects of the Company's affairs, including the setting of parameters for and the monitoring of the investment strategy and the review of investment performance and policy. It also has responsibility for all strategic issues, the dividend policy, the share issuance and buy back policy, gearing, share price and discount/premium monitoring and corporate governance matters.

Principal Service Providers

Alternative Investment Fund Manager (AIFM)

Frostrow was appointed as the designated Alternative Investment Fund Manager ("AIFM") for the Company on the terms and subject to the conditions of the alternative investment fund management agreement between the Company and Frostrow (the "AIFM Agreement").

Under the terms of its AIFM agreement with the Company, Frostrow provides, *inter alia*, the following services:

- risk management services;
- marketing and shareholder services;
- monitoring the compliance by the Portfolio Manager with the Company's investment objective and investment policy and reporting any non-compliance in a timely fashion to the Portfolio Manager and the Board;
- determining the net asset value per share in accordance with the AIFM Rules, any prospectus of the Company and its Articles of Association;
- administrative and secretarial services;
- providing advice in respect of the *modus operandi* of the investment company sector including corporate governance requirements;
- maintaining the Company's accounting records;
- maintaining professional indemnity insurance at the level required under AIFM Rules in order to cover potential liability risks arising from professional negligence;
- preparing and dispatching the annual and half yearly reports and monthly factsheets; and
- upholding compliance with applicable tax, legal and regulatory requirements.

Under the terms of the AIFM Agreement Frostrow receives a periodic fee at a rate of 0.15% per annum of the Company's market capitalisation plus a fixed fee of £70,000 per annum calculated monthly and payable monthly in arrears.

The AIFM Agreement may be terminated by either party on giving 12 months' written notice.

Strategic Report / Business Review

Portfolio Manager

Under the AIFM Agreement Lindsell Train, as delegate of the AIFM, is responsible for the management of the Company's portfolio of investments under an agreement between it, the Company and Frostrow (the "Portfolio Management Agreement"). The Portfolio Management Agreement replaced the previously existing Investment Management Agreement between the Company and Lindsell Train (the "Previous IMA"). The Portfolio Management Agreement is based on the Previous IMA and only differs to the extent necessary to ensure that the relationship between the Company, Lindsell Train and Frostrow is compliant with the requirements of AIFMD, except that the Company and Lindsell Train voluntarily agreed to delete all provisions relating to the performance fee payable by the Company to Lindsell Train under the Previous IMA.

Under the terms of its Portfolio Management Agreement with the AIFM and the Company, Lindsell Train provides, *inter alia*, the following services:

- seeking out and evaluating investment opportunities;
- recommending the manner by which monies should be invested, disinvested, retained or realised;
- advising on how rights conferred by the investments should be exercised;
- analysing the performance of investments made; and
- advising the Company in relation to trends, market movements and other matters which may affect the investment objective and policy of the Company.

Under the terms of the Portfolio Management Agreement Lindsell Train receives a periodic fee at a rate of 0.45% per annum of the Company's market capitalisation calculated monthly and payable monthly in arrears. The Portfolio Management Agreement may be terminated by either party giving notice of not less than 12 months.

Depositary

The Company has appointed BNY Mellon Trust & Depositary (UK) Limited (the "Depositary") as its depositary in accordance with AIFMD on the terms and subject to the conditions of the depositary agreement between the Company, Frostrow and the Depositary (the "Depositary Agreement"). Under the terms of the Depositary Agreement the Company has agreed to pay the Depositary a fee calculated as a percentage of the Company's gross assets (0.02% of the first £150 million of gross assets and 0.015% of gross assets in excess of £150 million). subject to a minimum fee of £20,000 per annum, plus any applicable VAT.

The Depositary provides the following services:

- responsibility for the safe keeping of custodial assets of the Company;
- verification and maintenance of a record of all other assets of the Company and for the collection of income that arises from those assets;
- taking reasonable care to ensure that the Company is managed in accordance with the AIFMD, the FUND Sourcebook and the Company's instrument of incorporation, in relation to the calculation of the net asset value per share and the application of income of the Company; and
- a duty to monitor the Company's compliance with investment restrictions and leverage limits set in its offering documents.

Custodian

In accordance with the AIFM Rules the Depositary delegates custody of the Company's custodial investments to The Bank of New York Mellon SA/NV, London Branch (the "Global Custodian") and any other Bank of New York affiliate as it sees fit (meaning any direct or indirect subsidiary of The Bank of New York Mellon). As at the date of this annual report, the applicable sub-custodians appointed by the Global Custodian who might be relevant for the purposes of holding the Company's investments are:

Country	Name of sub-custodian	Regulator
The Netherlands	The Bank of New York Mellon SA/NV	Financial Services and Markets Authority, Belgium
Canada	CIBC Mellon Trust Company	Canadian Securities Administrators
United States of America	The Bank of New York, New York	US Securities and Exchange Commission
France	BNP Paribas Securities Services, Paris	The Banque de France

The Global Custodian's safekeeping fees are charged according to the jurisdiction in which the holdings are based. The majority of the Company's assets attract a fee of 0.80 basis points of their market value. Variable transaction fees are also chargeable.

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Company Promotion

The aim of the Company's promotional activities is to encourage demand for the Company's shares. The Company has appointed Frostrow to provide marketing services in the belief that a well-marketed investment company is more likely to grow over time, have a more diverse, stable list of shareholders and its shares will trade at close to NAV per share over the long run. Frostrow actively promotes the Company in the following ways:

Engaging regularly with institutional investors, discretionary wealth managers and a range of execution-only platforms: Frostrow regularly talks and meets, often together with the Portfolio Manager, with institutional investors, discretionary wealth managers and execution-only platform providers to discuss the Company's strategy and to understand any issues and concerns, covering both investment and corporate governance matters;

Making Company information more accessible: Frostrow works to raise the profile of the Company by targeting key groups within the investment community, holding annual investment seminars, overseeing PR output and managing the Company's website and wider digital offering, including portfolio manager webcasts and social media;

Disseminating key Company information: Frostrow performs the Investor Relations function on behalf of the Company and manages the investor database. Frostrow produces all key corporate documents, distributes monthly factsheets, annual reports and updates from Lindsell Train on the portfolio and market developments; and

Monitoring market activity, acting as a link between the Company, shareholders and other stakeholders: Frostrow maintains regular contact with sector broker analysts and other research and data providers, and conducts periodic investor perception surveys, liaising with the Board to provide up-to-date and accurate information on the latest shareholder and market developments.

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Key Performance Indicators

The Board continually reviews overall performance. The Company's net asset value per share is announced daily via a regulatory news service and is available online.

At each Board meeting, the Board considers a number of performance measures to assess the Company's success in achieving its investment objective. The key performance indicators (KPIs) are as follows:

- **Net asset value total return**
- **Share price total return**
- **Revenue return per share**
- **Share price discount/premium to net asset value per share**
- **Benchmark and peer group performance**

Frostrow is responsible for ensuring the Company complies with the AIFMD, and for providing company secretarial, administration and marketing services to the Company. The management of the portfolio has been delegated to Lindsell Train. Each provider is responsible to the Board which is ultimately responsible to the shareholders for performing against the above KPIs.

Net asset value total return

The Directors regard the Company's net asset value total return to be a key indicator of value delivered to shareholders over the long term. Total return reflects the net asset value growth of, and the dividends paid by, the Company.

During the year under review the Company's net asset value per share total return was 12.0% (2014: 8.9%) outperforming the benchmark by 14.3% in absolute terms.

A full description of performance during the year under review and the investment portfolio is contained in the Portfolio Manager's Review commencing on page 12.

Share price total return

The Directors regard the Company's share price total return to be a key indicator of performance. This is monitored closely by the Board.

During the year under review the Company's share price total return was 11.8% (2014: 8.6%). Please see pages 2 and 3 for further information.

Revenue return per share

The Directors regard the Company's revenue return per share to be a key indicator of performance.

The revenue return per share is calculated by taking the net revenue on ordinary activities after taxation of £14,683,000 (2014: £11,467,000) and dividing by 108,624,916 (2014: 91,128,356) shares being the weighted average number of shares in issue during the year.

Share price discount/premium to net asset value per share

The Board undertakes a regular review of the level of discount/premium and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing and share issuance and buy-backs, where appropriate. Details of how the Company's discount control mechanism works can be found on page 6.

Demand for the Company's shares led to the issue of a total of 23,485,000 new shares during the year at a minimum premium of 0.7% to the higher of the prevailing cum or ex income net asset value per share at the time of issue. No shares were repurchased by the Company during the year.

Benchmark and peer group performance

The Company's benchmark is the FTSE All-Share Index (total return) which delivered a return of (2.3%) (2014: 6.1%) over the year. This compares to the Company's share price total return of 11.8%.

The Board also monitors the Company's net asset value return against its peer group. As at 30 September 2015 the Company ranked second out of eleven over one year, first over five years and first over ten years.*

*source: Morningstar

Strategic Report / Business Review

Risk Management

The principal risks identified by the Board and the actions taken to mitigate them are set out below under five headings.

Investment Activity and Strategy	Shareholder Relations and Corporate Governance	Operational	Financial	Accounting, Legal and Regulatory

A detailed risk matrix is reviewed and updated by the Company's Audit Committee, on behalf of the Board, twice yearly. The principal risks and uncertainties faced by the Company relate to the nature of its objectives and strategy as an investment company and the markets in which it invests.

There were no changes to the Company's risk management systems during the year and no significant failings or weaknesses were identified from the Board's most recent review of risk management and internal control.

Principal Risks and Uncertainties	Mitigation
Investment Activity and Strategy An unsuccessful investment strategy, including asset allocation or level of gearing, may lead to underperformance against the Company's benchmark index and peer companies, and may result in the Company's shares trading on a discount wider than the maximum level set by the Board. The Board may be unable to maintain a progressive dividend policy.	The Board regularly reviews the Company's investment mandate and its long-term investment strategy in relation to market and economic conditions, and the operation of the Company's peers, thereby monitoring whether the Company should continue in its present form. The Portfolio Manager provides an explanation of stock selection decisions and an overall rationale for the make-up of the portfolio. The Portfolio Manager discusses current and potential investment holdings with the Board on a regular basis in addition to new initiatives, which may enhance shareholder returns. The Board sets appropriate investment restrictions and guidelines which are monitored and reported on by the Company's AIFM. Each month the Board receives a compliance report which monitors the Company's investment performance (both on an absolute basis and against the benchmark and peer group) and its compliance with the investment guidelines. Additional reports and presentations are regularly provided to investors by the Company's AIFM, Portfolio Manager and also by Winterflood Securities, the Company's Corporate Stockbroker. The Board regularly reviews the Company's income forecasts as prepared by the AIFM together with input from the Portfolio Manager. The Board also undertakes a regular review of the level of the share price discount/premium and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing, share issuance and share buy-backs, where appropriate. The Board has implemented a discount control mechanism intended to establish a target level of no more than a 5% discount of share price to the ex income net asset value per share. New shares are issued on at least a 0.5% premium to the higher of the prevailing cum or ex income net asset value per share at the time of issuance. A proportion of the Company's assets are invested in securities denominated in foreign currencies. As the Company's shares are denominated and traded in sterling, the return to shareholders will be affected by changes in the value of sterling relative to those foreign currencies. The Company does not at present hedge against currency exposure. The Board keeps this position under constant review.

Strategic Report / Business Review

Principal Risks and Uncertainties	Mitigation
Shareholder Relations and Corporate Governance Shareholder unrest could arise if there is poor adherence to best practice in corporate governance, which could result in reputational damage to the Company.	The Board receives regular reports on shareholder activity and is kept informed of shareholder sentiment. Regular contact is maintained with major shareholders. Details of the Company's compliance with corporate governance best practice, including information on relations with shareholders, are set out in the Corporate Governance Statement beginning on page 26.
Operational Disruption to, or failure of, accounting, dealing or payments systems or the Depositary's records could prevent accurate reporting and monitoring of the Company's financial position.	The Board reviews both the internal control reports and the disaster recovery procedures put in place by its principal service providers on a regular basis and receives annually AAF01 reports from its AIFM, its Portfolio Manager and its Registrar. The Board also reviews a summary of the SOC 1 Report relating to BNY Mellon Asset Servicing Custody and Securities Lending Services. These reviews include consideration of the associated cyber security risks facing the Company. Further details of the Board's internal controls are set out in the Audit Committee Report beginning on page 36.
Financial The financial risks associated with the Company include market risk (including counter-party risk), interest rate risk, liquidity risk and credit risk.	The Company's Portfolio Manager is responsible for undertaking reviews of the creditworthiness of the counterparties that it uses. The Board regularly reviews the Portfolio Manager's approved list of counterparties. The Company's assets mainly comprise readily realisable liquid securities, which can be sold to meet funding requirements if necessary. Further information on financial instruments and risk, as required by FRS 29, can be found in note 16 to the Financial Statements beginning on page 55.
Accounting, Legal and Regulatory Failure to comply with applicable law and regulations could expose the Company to serious financial loss and reputational damage.	The Board relies on the services of its AIFM and also external advisers to ensure compliance with applicable law and regulations including the Companies Act, the AIFM Rules, the Corporation Tax Act and the UKLA Listing Rules. The Board is aware of changes to the regulatory environment in the year ahead such as the introduction of the new SORP (statement of recommended practice) dated November 2014 and FRS 102 and 104, and plans accordingly. The Company's Depositary is responsible for the safekeeping of all custodial assets of the Company, for verifying and maintaining a record of all other assets of the Company and for the collection of income that arises from those assets. The Depositary reports annually to the Audit Committee, confirming that the Company, acting through the AIFM, has been managed in accordance with the AIFMD, the FUND sourcebook, the Company's Articles of Association in relation to the calculation of the net asset value per share, the application of income of the Company and with investment restrictions and leverage limits set in its offering documents.

Strategic Report / Business Review

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Anthony Townsend (Chairman)
John Allard
Neil Collins
Simon Hayes (appointed on 29 June 2015)
David Hunt (Chairman of the Audit Committee and Senior Independent Director)
Vanessa Renwick

Further information on the Directors can be found on page 24. Details of the Directors' remuneration arrangements can be found on pages 39 to 42.

Board Diversity

The Company is supportive of the recommendations of Lord Davies' Report that the performance of corporate boards can be improved by encouraging the appointment of the best people from a range of differing perspectives and backgrounds. The Company recognises the benefits of diversity on the Board, including gender, and takes this into account in its Board appointments. The Company is committed to ensuring that any director search process actively seeks persons with the right qualifications so that appointments can be made, on the basis of merit, against objective criteria from a diverse selection of candidates. To this end the Board will dedicate time to considering diversity during any director search process and keep in mind that the Davies Review of Women on Boards recommended that UK Listed Companies in the FTSE 100 should be aiming for a minimum of 25% of females on the Board.

	Male	Female
Directors of the Company	5	1

The Company does not have any employees. Therefore there is no employee information to disclose.

Social, Human Rights and Environmental Matters

The Directors, through the Company's Portfolio Manager, encourage companies in which investments are made to adhere to best practice with regard to corporate governance. In light of the nature of the Company's business there are no relevant human rights issues and the Company does not have a human rights policy.

The Company recognises that social and environmental issues can have an effect on some of its investee companies.

The Company is an investment trust and so its own direct environmental impact is minimal. The Board of Directors consists of six Directors, all of whom are resident in the United Kingdom. The Board holds its regular meetings in the United Kingdom and has a policy that travel, as far as possible, is minimal.

Looking to the Future

The Board concentrates its attention on the Company's investment performance and the Portfolio Manager's investment approach and on factors that may have an effect on this approach. Marketing reports are presented to the Board at each Board meeting by the AIFM, which include how the Company will be promoted and details of planned communications with existing and potential shareholders. The Board is regularly updated by the AIFM on wider investment trust industry issues and discussions are held concerning the Company's future development and strategy.

A review of the Company's year, its performance since the year-end and the outlook for the Company can be found in the Chairman's Statement on pages 4 to 5 and in the Portfolio Manager's Review on pages 12 to 14.

The Company's Portfolio Manager believes that the outlook remains positive and that the calibre and nature of the companies held within the portfolio will continue to deliver superior investment returns.

Approval

The Strategic Report was approved by the Board of Directors on 10 December 2015 and signed on its behalf by:

Anthony Townsend
Chairman

Governance / Board of Directors

The Board of Directors supervise the management of Finsbury Growth & Income Trust PLC and look after the interests of Shareholders.

Anthony Townsend, Chairman

Anthony Townsend, (67), rejoined the Board on 1 February 2005 and became Chairman on 30 January 2008. He has spent over 40 years working in the City and was Chairman of the Association of Investment Companies from 2001 to 2003. Anthony is also Chairman of Baronsmead VCT 3 plc, British & American Investment Trust PLC, F&C Global Smaller Companies PLC, Miton Worldwide Growth Investment Trust PLC, and Gresham House plc.

John Allard

John Allard, (69), has served on the Board since 11 October 2000. A Director of M&G Investment Management for 16 years, he was an Investment Manager with M&G for over 20 years, specialising in equity income funds. John has been a director of various investment trust companies since 1981.

Neil Collins

Neil Collins, (68), has served on the Board since 30 January 2008. He has spent most of his career in financial journalism and was City Editor of The Daily Telegraph for nearly 20 years until he retired from the position in 2005. Prior to that he had been City Editor of the London Evening Standard and The Sunday Times. A former columnist for the London Evening Standard and commentator for Reuters, Neil currently writes a column for the Financial Times on Saturdays. He is also a director of Templeton Emerging Markets Investment Trust PLC.

Simon Hayes

Simon Hayes (45), joined the Board on 29 June 2015. Simon is the Chief Executive of Peel Hunt LLP. He joined Peel Hunt in 1993 and was appointed Head of Corporate Finance in 2003 and Chief Executive in 2006.

David Hunt, FCA

David Hunt, (68), has been a Director since 6 July 2006. A Chartered Accountant, he was formerly a director in the Assurance and Business Services division of Smith & Williamson Limited. Prior to that he was a partner at both Binder Hamlyn and Andersen. David has over 30 years' experience advising quoted companies. He is the Senior Independent Director and Chairman of the Audit Committee. David is also a member of the Audit and Risk Committee of the Church of England Pensions Board.

Vanessa Renwick

Vanessa Renwick, (54), has served on the Board since 11 October 2000. Vanessa has over 20 years' experience in the investment funds industry, having worked for Laing & Cruickshank and UBS Warburg. Vanessa has particular expertise in corporate finance and marketing.

All members of the Board are non-executive. None of the Directors has any other connection with the Portfolio Manager or is employed by any of the companies in which the Company holds an investment or any of the Company's service providers.

Governance / Board of Directors

The Board and Committees

Responsibility for effective governance and for the overall management of the Company's affairs lies with the Board. The governance framework of the Company reflects the fact that as an investment company it has no employees and outsources portfolio management to Lindsell Train and company management, risk management, company secretarial, administrative and marketing services to Frostrow.

The Board

Chairman – Anthony Townsend
Senior Independent Director – David Hunt

Four additional non-executive Directors, all considered independent.

Key responsibilities:

– to set strategy, values and standards;
– to provide leadership within a framework of prudent effective controls which enable risk to be assessed and managed; and
– to challenge constructively and scrutinise performance of all outsourced activities.

Management Engagement Committee

Chairman
Anthony Townsend

All Directors

Key responsibilities:

– to review regularly the contracts, performance and remuneration of the Company's principal service providers.

Audit Committee

Chairman
David Hunt

All Directors

Key responsibilities:

– to monitor the integrity of the annual report & financial statements;
– to oversee the risk and control environment and financial reporting; and
– to review the performance of the Company's external auditor.

Copies of the full terms of reference, which clearly define the responsibilities of each Committee, can be obtained from the Company Secretary, will be available for inspection at the Annual General Meeting, and can be found on the Company's website at www.finsburygt.com.

Scheduled Meetings

The table below sets out the number of scheduled Board and Committee meetings held during the year ended 30 September 2015 and the number of meetings attended by each Director.

Type and number of meetings held in the year to 30 September 2015	Board (5)	Audit Committee (3)	Management Engagement Committee (1)
Anthony Townsend	5	3	1
John Allard	5	3	1
Neil Collins	5	3	1
Simon Hayes*	1	1	1
David Hunt	5	3	1
Vanessa Renwick	5	3	1

* Appointed to the Board on 29 June 2015.

All of the Directors, with the exception of Simon Hayes, who was not appointed until June 2015, attended the Annual General Meeting held on Wednesday, 1 February 2015.

In addition to the scheduled Board meetings there were a number of unscheduled Board meetings to consider matters such as the regulations concerning the Company's Prospectus, the Company's allotment authority, the approval of regulatory announcements and matters concerning the Board's composition.

Directors' Interests

The beneficial interests of the Directors and their families in the Company are set out on page 41.

Governance / Corporate Governance

This Corporate Governance statement, on pages 26 to 35, forms part of the Report of the Directors on pages 65 to 69.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as follows:

The UK Corporate Governance Code includes certain provisions relating to:

- directors' tenure
- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. Therefore with the exception of Director tenure, which is addressed further on page 27, the need for a separate Nomination Committee which is addressed further on page 27 and the need for an internal audit function which is addressed further on page 34, the Company has not reported further in respect of these provisions.

The Principles of the AIC Code

The AIC Code is made up of 21 principles split into three sections covering:

- The Board
- Board Meetings and relations with the AIFM and the Portfolio Manager
- Shareholder Communications

AIC Code Principle	Compliance Statement
The Board	
1. The Chairman should be independent.	The Chairman, Anthony Townsend is responsible for the leadership of the Board and for ensuring its effectiveness in all aspects of its role. The Chairman has a seat on the Board of the Company's AIFM by virtue of the Company's minority partnership interest in Frostrow. It is a non-executive position and therefore the Board does not believe that this compromises his independence. There is a clear division of responsibility between the Chairman, the Directors, the AIFM, the Portfolio Manager and the Company's other third party service providers. The Chairman also continues to be independent of the Portfolio Manager. There are no relationships that may create a conflict of interest between the Chairman's interests and those of Shareholders.
2. A majority of the Board should be independent of the AIFM and the Portfolio Manager.	The Board consists of six non-executive Directors, each of whom is independent of the AIFM and of the Portfolio Manager. None of the Board members has been an employee of the AIFM or Portfolio Manager nor does any Director have relationships or conflicts which are likely to affect their independent judgement.
3. Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.	All Directors will submit themselves for annual re-election by shareholders. The individual performance of each Director standing for re-election is evaluated annually by the remaining members of the Board and, if considered appropriate, a recommendation is made that shareholders vote in favour of their re-election at the Company's Annual General Meeting. Mr Simon Hayes joined the Board in June 2015. Accordingly, his appointment will be proposed to shareholders for ratification at the Annual General Meeting to be held in February 2016.

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
4. The Board should have a policy on tenure, which is disclosed in the annual report.	The Board subscribes to the view expressed within the AIC Code that long-serving directors should not be prevented from forming part of an independent majority. It does not consider that a director's tenure necessarily reduces his or her ability to act independently and, following formal performance evaluations, believes that each of those directors is independent in character and judgement and that there are no relationships or circumstances which are likely to affect their judgement. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. In view of its non-executive nature, the Board considers that it is not appropriate for the Directors to be appointed for a specified term, although new Directors are appointed with the expectation that they will serve for a minimum period of three years, subject to shareholder approval. The terms and conditions of the Directors' appointments are set out in letters of engagement which are available for inspection on request at the office of Frostrow, the Company's AIFM, and from the Company Secretary at the Annual General Meeting to be held in February 2016.
5. There should be full disclosure of information about the Board.	The Directors' biographical details, set out on page 24, demonstrate the wide range of skills and experience that they bring to the Board. Details of the length of service of each Director are set out on page 42. Details of the Board's committees and their composition are set out on page 25. Due to the Company's size and to avoid the need to establish separate committees, the nominations and remuneration functions are carried out by the full Board under the Chairmanship of the Chairman of the Company. The Board considers it appropriate for the Chairman of the Company to preside over Director nomination and Directors' remuneration matters due to his independence and also his knowledge and experience of the investment trust industry. The Chairman of the Company is a member of the Audit Committee, but does not chair it. His membership of the Audit Committee is considered appropriate given the Chairman's extensive knowledge of the financial services industry. The Directors believe that Mr Hunt, a Chartered Accountant, has relevant financial knowledge and experience to enable him to Chair the Audit Committee effectively. Full details of the role and responsibilities of the Audit Committee can be found within the Audit Committee Report commencing on page 36. All Directors, including the Chairman, are members of the Audit Committee and the Management Engagement Committee to enable them to be kept fully informed of any issues that may arise.

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
6. The Board should aim to have a balance of skills, experience, length of service and knowledge of the company.	The Board considers annually the skills possessed by the Directors. When considering new appointments, the Board reviews the skills of the Directors and seeks to add persons with complementary skills or who possess the skills and experience which fill any gaps in the Board's knowledge or experience and who can, alongside existing Directors, devote sufficient time to the Company to carry out their duties effectively. The experience of the current Directors is detailed in their biographies set out on page 24. The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates and recognises the value of diversity in the composition of the Board. When Board positions become available, the Company will ensure that a diverse group of candidates is considered.
7. The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	During the year the performance of the Board, its committees and individual Directors (including each Director's independence) was evaluated through a formal assessment process led by the Chairman. This involved the circulation of a Board effectiveness checklist, tailored to suit the nature of the Company, followed by discussions between the Chairman and each of the Directors. The performance of the Chairman was evaluated by the other Directors under the leadership of the Senior Independent Director. The review concluded that the Board was working well. The Board is satisfied that the structure, mix of skills and operation of the Board continue to be effective and relevant for the Company.
8. Directors' remuneration should reflect their duties, responsibilities and the value of their time spent.	The Board annually reviews the fees paid to the Directors and compares these with the fees paid by the Company's peer group and the investment trust industry generally, taking into account the level of commitment and responsibility of each Board member. Details of the remuneration arrangements for the Directors of the Company can be found in the Directors' Remuneration Policy Report and Directors' Remuneration Report on pages 39 to 41 and in note 4 to the Financial Statements on page 50. As all of the Directors are non-executive, the Board considers that it is acceptable for the Chairman of the Company to chair meetings when discussing Directors' fees. The Board collectively decides on the level of fees paid to the Chairman.

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
9. The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.	The Board is comprised of Directors all of whom are independent. Subject to there being no conflicts of interest, all members of the Board are entitled to vote on the appointment of new Directors and on recommending for shareholders' approval the Directors seeking re-election at the Annual General Meeting. An explanatory note as to why the Company does not have a Nomination Committee can be found on page 27. The Chairman will not chair the meeting when the Board is dealing with the appointment of a successor to the Chairmanship. Details of the Board's commitment to diversity are set out within the Business Review on page 23. In order to facilitate the appointment of Mr Simon Hayes the Board engaged the services of a specialist recruitment consultant, Trust Associates. Trust Associates prepared a shortlist of candidates for consideration by the Board. The candidates were then interviewed by the Board and Mr Hayes was subsequently appointed. Trust Associates has no other connection with the Company.
10. Directors should be offered relevant training and induction.	New appointees to the Board are provided with a full induction programme. The programme covers the Company's investment strategy, policies and practices. The Directors are also given key information on the Company's regulatory and statutory requirements as they arise including information on the role of the Board, matters reserved for its decision, the terms of reference for the Board Committees, the Company's corporate governance practices and procedures and the latest financial information. It is the Chairman's responsibility to ensure that the Directors have sufficient knowledge to fulfil their role and Directors are encouraged to participate in training courses where appropriate. The Directors have access to the advice and services of a Company Secretary through its appointed representative who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties. There is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice if necessary at the Company's expense.
11. The Chairman (and the Board) should be brought into the process of structuring a new launch at an early stage.	Principle 11 applies to the launch of new investment companies and is therefore not applicable to the Company.

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
The AIFM and Portfolio Manager	
12. Boards and managers should operate in a supportive, co-operative and open environment.	The Board meets regularly throughout the year and representatives of the AIFM and the Portfolio Manager are in attendance at each meeting and Committee meeting. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants.
13. The primary focus at regular Board meetings should be a review of investment performance and associated matters, such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.	The Board has agreed a schedule of matters specifically reserved for decision by the Board. This includes establishing the investment objectives, strategy and benchmarks, the permitted types or categories of investments, the markets in which transactions may be undertaken, the amount or proportion of the assets that may be invested in any category of investment or in any one investment, and the Company's share issuance, share buy-back and treasury policies and level of gearing and asset allocation. The Board, at its regular meetings, undertakes reviews of key investment and financial data, revenue projections and expenses, analyses of asset allocation, transactions and performance comparisons, share price and net asset value performance, marketing and shareholder communication strategies, the risks associated with pursuing the investment strategy, peer group information and industry issues. The Chairman is responsible for ensuring that the Board receives accurate, timely and clear information. Representatives of the AIFM and Portfolio Manager report on issues affecting the Company at each Board Meeting. All Directors have access to independent professional advice where they judge it necessary to discharge their responsibility properly. The Audit Committee reviews the Company's risk matrix and the performance and cost of the Company's third party service providers.
14. Boards should give sufficient attention to overall strategy.	The Board is responsible for strategy and has established an annual programme of agenda items under which it reviews the objectives and strategy for the Company at each meeting.

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
15. The Board should regularly review both the performance of, and the contractual arrangements with, the Portfolio Manager (or executives of a self-managed company).	The Management Engagement Committee reviews annually the performance of the AIFM and the Portfolio Manager. The Committee considers the quality, cost and remuneration method of the service provided by the AIFM and the Portfolio Manager against their contractual obligations and the Board receives monthly reports on compliance with the investment restrictions which it has set. The Board also considers the performance analysis provided by the AIFM and Portfolio Manager. The Management Engagement Committee is also responsible for the regular review of the terms of the AIFM Agreement and the Portfolio Management Agreement. The Committee last met in September 2015, at which time it was agreed that no amendments to the agreements were required. The agreements were entered into as part of the implementation of the AIFMD in July 2014 and will be reviewed on a periodic basis as necessary. The Management Engagement Committee also reviews arrangements with the Company's other service providers.
16. The Board should agree policies with the AIFM and the Portfolio Manager covering key operational issues.	The Portfolio Management Agreement between the Company, the AIFM and the Portfolio Manager sets out the limits of the Portfolio Manager's authority, beyond which Board approval is required. The Board has also agreed detailed investment guidelines with the AIFM and the Portfolio Manager, which are considered at each Board meeting. A representative of the AIFM and the Portfolio Manager attends each meeting of the Board to address questions on specific matters and to seek approval for specific transactions which the Portfolio Manager is required to refer to the Board. Frostrow in their capacity as the Company's AIFM have delegated the management of the portfolio and subsequent proxy voting to Lindsell Train as Portfolio Manager. The Portfolio Manager notifies the Board of any contentious issues that require voting upon. The Board has reviewed the Portfolio Manager's statement of commitment to the Stewardship Code and voting policy and the Portfolio Manager reports on the application of the Stewardship Code and voting policy. The Portfolio Manager's statement of commitment to the Stewardship Code and voting policy can be found on the Portfolio Manager's website in the corporate information section. Reports on commissions paid by the Portfolio Manager are submitted to the Board regularly.

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
17. Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.	The Board considers any imbalances in the supply of and the demand for the Company's shares in the market and takes appropriate action when considered necessary. The Board considers the discount or premium to net asset value of the Company's share price at each Board meeting and reviews the changes in the level of discount or premium and in the share price since the previous Board meeting and over the previous twelve months. Details of the Company's Discount Control Mechanism can be found on pages 6 and 7. At each meeting the Board reviews a report from the AIFM on marketing and shareholder communication strategies. It also considers their effectiveness as well as measures of investor sentiment and any recommendations on issuance and share buy-backs. The Board does not consider that any conflicts arose from the AIFM promoting the Company alongside their other clients.
18. The Board should monitor and evaluate other service providers.	The Management Engagement Committee reviews, at least annually, the performance of all the Company's third party service providers, including the level and structure of fees payable and the length of the notice period, to ensure that they remain competitive and in the best interests of shareholders. The Audit Committee also reviews reports from the principal service providers on compliance and the internal and financial control systems in operation and relevant independent audit reports thereon, as well as reviewing service providers' anti-bribery and corruption policies to address the provisions of the Bribery Act 2010. The Board is satisfied that the Company's Auditors do not carry out any work for the AIFM and therefore no potential conflict will arise.
19. The Board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders.	A detailed analysis of the shareholder register of the Company is provided to the Directors at each Board meeting. Representatives of the AIFM and Portfolio Manager regularly meet with institutional shareholders and private client asset managers to discuss strategy and to understand their issues and concerns and, if applicable, to discuss corporate governance issues. The results of such meetings are reported at the following Board meeting. Regular reports from the Company's broker are submitted to the Board on investor sentiment and industry issues. Shareholders wishing to communicate with the Chairman, or any other member of the Board, may do so by writing to the Company, for the attention of the Company Secretary at the offices of the AIFM. All shareholders are encouraged to attend the Annual General Meeting, where they are given the opportunity to question the Chairman, the Board and representatives of the Portfolio Manager. The Portfolio Manager will make a presentation to shareholders covering the investment performance and strategy of the Company at the forthcoming Annual General Meeting to be held in February 2016.

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
19. The Board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders. (continued)	The Directors welcome the views of all shareholders and place considerable importance on communications with them. The Chairman will ensure that all members of the Board are made aware of the issues and concerns raised by shareholders and that appropriate steps are taken so that the Board has an adequate understanding of these views, through communications with the Company's AIFM and advisors.
20. The Board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.	All substantive communications regarding any major corporate issues are reviewed by the Board taking into account representations from the AIFM and Portfolio Manager, the Auditors, legal advisers and the Company's stockbroker.
21. The Board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the shares.	The Company places great importance on communication with shareholders and aims to provide them with a full understanding of the Company's investment objective, policy and activities, its performance and the principal investment risks by means of informative annual and half-year reports. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares and the monthly factsheet. The annual report provides information on the AIFM's and Portfolio Manager's investment performance, portfolio risk and operational and compliance issues. Further details on the risk/reward balance are set out in note 16 to the Financial Statements. Details of the principal risks identified by the Board and the actions taken to mitigate them can be found within the Strategic Report on pages 21 and 22. The Directors' statement on the longer term viability of the Company is set out on page 66. The Board reviews the Portfolio Manager's investment performance, portfolio risk and operational issues at each Board meeting. A compliance report is circulated by the AIFM for review on a monthly basis. The investment portfolio is listed on page 8. The Company's website, www.finsburygt.com, is updated with monthly factsheets and provides useful information about the Company including the Company's financial reports, latest prospectus and announcements.

Governance / Corporate Governance

Election and Re-Election of the Directors

The Company's Articles of Association provide that a Director appointed during the year is required to retire and seek election by shareholders at the next Annual General Meeting and that all Directors are required to submit themselves for re-election at least once every three years. As the Company is a FTSE 350 company the Board has implemented the provisions of the UK Corporate Governance Code whereby all Directors of the Company stand for re-election on an annual basis.

The Board has considered the position of all of the Directors as part of the evaluation process, and believes that it would be in the Company's best interests to propose them for election or re-election at the forthcoming Annual General Meeting for the following reasons:

Mr Townsend, who has been Chairman of the Company since January 2008, brings a wealth of experience to the Board through his long City career. He has been in the investment trust industry for over 25 years and was Chairman of the Association of Investment Companies from 2001-2003.

Mr Allard has extensive experience of the investment management industry and was previously a fund manager with M & G for over 20 years, specialising in equity income stocks. He has detailed knowledge of the markets in which the Company invests and takes a keen interest in all aspects of the Company's portfolio.

Mr Collins is a financial journalist, he was City Editor of the Daily Telegraph for 19 years and currently writes a weekly column for the Financial Times. He has followed most of the companies in the Company's portfolio for many years and is a passionate advocate of shareholders' interests.

Mr Hayes is Chief Executive of Peel Hunt LLP and has extensive industry and financial expertise with a strong interest in the investment trust sector.

Mr Hunt is Senior Independent Director and Chairman of the Audit Committee. He is a Chartered Accountant with over 30 years' experience at partner level of advising quoted companies with Binder Hamlyn, Andersen and Smith & Williamson; his contribution to the Company's Audit Committee is particularly respected by his colleagues.

Mrs Renwick has over 20 years' experience at Laing & Cruickshank and UBS Warburg in corporate finance and marketing. She has specialist knowledge of investment product distribution throughout UK markets which is of great benefit to the Company.

The Chairman is pleased to report that following a formal performance evaluation, the Directors' performance continues to be effective and they continue to demonstrate commitment to the role.

Conflicts of Interest Policy

Directors have a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests (a "situational conflict").

It is the responsibility of each individual Director to avoid an unauthorised conflict situation. He or she must request authorisation from the Board as soon as he or she becomes aware of the possibility of a situational conflict arising.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether they should be authorised. The factors to be considered will include whether the situational conflict could prevent the Director from performing his or her duties, whether it has, or could have, any impact on the Company and whether it could be regarded as likely to affect the judgement and/or actions of the Director in question. If the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are eligible to take the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

A register of interests and external appointments is maintained by the Company Secretary and is reviewed at each Board meeting. Directors are required to confirm at these meetings whether there has been any change to their position. It was resolved at each Board meeting during the year that there were no direct or indirect interests of a Director arising which conflicted with the interests of the Company.

Internal Audit

The Audit Committee carries out an annual review of the need for an internal audit function. As the Company delegates to third parties its day-to-day operations and has no employees, it has determined that there are no requirements for an internal audit function.

Anti-Bribery and Corruption Policy

A copy of the Company's anti-bribery and corruption policy can be found on its website at www.finsburygt.com. The policy is reviewed regularly by the Audit Committee.

Governance / Corporate Governance

Relationship with Shareholders

The Board, the AIFM and the Portfolio Manager consider maintaining good communications with shareholders and engaging with larger shareholders through meetings and presentations a key priority. Shareholders are informed by the publication of annual and half year reports which include financial statements. These reports are supplemented by the daily release of the net asset value per share to the London Stock Exchange and the publication of monthly factsheets. All this information including interviews with the Portfolio Manager is available on the Company's website at www.finsburygt.com.

The Board is also keen that the Annual General Meeting ("AGM") be a participative event for all shareholders. The Portfolio Manager makes a presentation and shareholders are encouraged to attend. The Chairmen of the Board and of the Company's Committees attend the AGM and are available to respond to queries and concerns from shareholders. At least 20 working days' notice of the AGM is given to shareholders and separate resolutions are proposed in relation to each substantive issue. Shareholders may submit questions for the AGM in advance of the meeting or make general enquiries of the Company via the Company Secretary. The Directors make themselves available after the AGM to meet shareholders.

Where the vote is decided on a show of hands, the proxy votes received are relayed to the meeting and subsequently published on the Company's website. Proxy forms have a 'vote withheld' option. The Notice of Meeting sets out the business of the AGM together with the full text of any special resolutions and begins at page 74.

The Company has made arrangements for investors through the Alliance Trust Savings Scheme to receive all Company communications and have the ability to direct the casting of their votes. The Company has also made arrangements with its registrar for shareholders who own their shares directly rather than through a nominee or share scheme, to view their account via the internet at www.capitashareportal.com. Other services are also available via this service.

The Board monitors the share register of the Company; it also reviews correspondence from shareholders at each meeting and maintains regular contact with major shareholders. Shareholders who wish to raise matters with a Director may do so by writing to them at the registered office of the Company.

The Board receives marketing and public relations reports from the AIFM to which the marketing function has been delegated. The Board reviews and considers the marketing plans of the AIFM on a regular basis.

Exercise of Voting Powers

The Board has delegated authority to the Portfolio Manager to vote the shares owned by the Company that are held on its behalf by its Depositary, BNY Mellon Trust & Depositary (UK) Limited. The Board has instructed that the Portfolio Manager submit votes for such shares wherever possible. This accords with current best practice whilst maintaining a primary focus on financial returns. The Portfolio Manager may refer to the Board on any matters of a contentious nature.

Nominee Share Code

Where shares are held in a nominee company name and where the beneficial owner of the shares is unable to vote in person, the Company nevertheless undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance;
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available; and
- that investors in the Alliance Trust Savings Scheme are automatically sent shareholder communications, including details of general meetings, together with a form of direction to facilitate voting and to seek authority to attend.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's general meetings.

By order of the Board

Frostrow Capital LLP
Company Secretary

10 December 2015

Governance / Audit Committee Report

for the year ended 30 September 2015

The Committee, which comprises all of the Directors, meets at least three times during the year. Attendance by each Director is shown in the table on page 25.

Responsibilities

As Chairman of the Audit Committee I can confirm that the Committee's main responsibilities during the year were:

1. **To review the Company's half year and annual financial statements** together with announcements and other filings relating to the financial performance of the Company and issuance of the Company's shares. In particular, the Committee considered whether the financial statements were fair, balanced and understandable, allowing shareholders to more easily assess the Company's strategy, investment policy, business model, position and financial performance.
2. **To review the risk management and internal control processes** of the Company and its key service providers. As part of this review the Committee again reviewed the appropriateness of the Company's anti-bribery and corruption policy. During the year the Committee reviewed the internal controls in place at the Company's AIFM, its Portfolio Manager, its Registrar and its Depositary. Further information concerning risk management can be found within the Strategic Report on pages 21 and 22.
3. **To recommend the appointment of the external Auditors** and agree the scope of their work and their remuneration, reviewing their independence and the effectiveness of the audit process.
4. **To consider any non-audit work to be carried out by the Auditors.** The Committee reviews the need for non-audit services and authorises such on a case by case basis having given consideration to the cost effectiveness of the services and the objectivity of the Auditors. Other than providing tax compliance services, the external Auditors carried out no non-audit work during the year.
5. **To consider the need for an internal audit function.** Since the Company delegates its day-to-day operations to third parties and has no employees, the Committee has determined there is no requirement for such a function.

The Committee's Terms of Reference are available for review on the Company's website at www.finsburygt.com

Meetings and business

The Committee met three times during the year. The Committee met representatives of the AIFM and the Portfolio Manager who report as to the proper conduct of business in accordance with the regulatory environment in which the Company, the AIFM and the Portfolio Manager operate. The Committee meets with the Auditors, without representatives of the AIFM and the Portfolio Manager being present, at least once a year.

The following matters were dealt with at these meetings:

December 2014:

– Consideration and review of the preliminary results
– Consideration and approval of the annual report and financial statements
– Review of the Company's risk management processes
– Review of the Company's anti-bribery and corruption policy and the measures put in place by the Company's service providers

May 2015:

– Review of the Committee's Terms of Reference
– Consideration and approval of the half year report
– Review of risk management and internal controls of its key providers
– Review of the AIFM's internal control framework

September 2015:

– Approval of the Auditors' engagement letter and review of their plan for the 2015 audit

Governance / Audit Committee Report

Financial Statements

The Financial Statements, and the annual report as a whole, are the responsibility of the Board. The Directors' Responsibilities Statement is contained on page 43. The Board looks to the Audit Committee to advise them in relation to the Financial Statements both as regards their form and content, issues which might arise and on any specific areas requiring judgement.

Significant Reporting Matters

The Committee considered certain significant issues in relation to the Financial Statements. These issues, and how they were addressed, were:

Accounting Policies

The current accounting policies, as set out on pages 48 to 49, have been applied consistently throughout the last two years. In light of no unusual transactions during the year or other possible reasons, the Committee has found no reason to change the policies.

Going Concern

The Committee is satisfied that it is appropriate for the Board to prepare the financial statements on the going concern basis. The Financial Statements for the year ended 30 September 2015 can be found on pages 44 to 59.

Longer Term Viability

The Committee is satisfied that it is appropriate for the Directors to make the statement on page 66 that they have a reasonable expectation that the Company will be able to continue its operations and meet its expenses and liabilities as they fall due over the next five years.

Recognition of Revenue from Investments

The Committee wished to receive assurance that all dividends receivable, including special dividends, had been accounted for correctly. They received the necessary confirmation.

Valuation of the Company's Partnership Interest in Frostrow Capital LLP

The Committee reviewed the consistently applied valuation methodology of the Company's partnership interest in Frostrow Capital LLP. The proposed valuation, based upon a discounted multiple of revenue, was accepted.

Valuation of the Company's Investments

The Committee reviews the valuation and existence of investments every six months.

Internal Controls

In accordance with provision C.2.1 and C.2.3 of the UK Corporate Governance Code, risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review covers the key business, operational, compliance and financial risks facing the Company.

The Company has outsourced all its activities and has obtained assurances and information from its various service providers relating to their internal systems and controls to enable the Board to make an appropriate risk and control assessment. Necessary steps will be taken should the review of internal controls identify any significant failings or weaknesses.

In accordance with guidance issued to directors of listed companies, the Directors confirm that they have carried out a robust assessment of the effectiveness of the system of risk management and internal financial controls during the year and that:

a) The Board has in place an ongoing procedure for identifying, evaluating and managing principal risks faced by the Company, which were in place for the year under review and up to the date of this report. This procedure is regularly reviewed by the Board and accords with FRC guidance; and

b) As mentioned above the Board is responsible for the Company's system of internal controls and for reviewing its effectiveness and that it is designed to manage the risk of failure to achieve business objectives. This can only provide reasonable not absolute assurance against material misstatement or loss.

External Auditors

Meetings:

This year the nature and scope of the audit together with PricewaterhouseCoopers LLP's audit plan were presented to the Committee on 23 September 2015.

As Chairman of the Committee, I met the Audit Partner, Mr Alex Bertolotti, and his Audit Senior on 23 November 2015 to discuss the outcome of the audit and the draft 2015 annual report and financial statements. The Committee then met PricewaterhouseCoopers LLP on 2 December 2015 to review the outcome of the audit and to discuss the limited issues that arose.

Details of the fees paid to the Auditors for audit services, audit related services and other non-audit services are set out in note 4 to the Financial Statements on page 50.

Governance / Audit Committee Report

Independence and Effectiveness:

In order to fulfil the Committee's responsibility regarding the independence of the Auditors, we reviewed:

- the senior audit personnel in the audit plan for the year,
- the Auditors' arrangements concerning any conflicts of interest,
- the extent of any non-audit services, and
- the statement by the Auditors that they remain independent within the meaning of the regulations and their professional standards.

In order to consider the effectiveness of the audit process, we reviewed:

- the Auditors' fulfilment of the agreed audit plan,
- the report arising from the audit itself, and
- feedback from the AIFM.

The Committee is satisfied with the Auditors' independence and the effectiveness of the audit process, together with the degree of diligence and professional scepticism brought to bear.

The only non-audit work carried out during the year related to tax compliance services.

The Audit Committee monitors the level of non-audit work carried out by the Auditors and seeks assurances from the Auditors that they maintain suitable policies and processes ensuring independence, and monitors compliance with the relevant regulatory requirements on an annual basis. The Company operates on the basis whereby the provision of non-audit services by the Auditors is permissible where no conflict of interest arises, where the independence of the Auditors is not likely to be impinged by undertaking the work and the quality and objectivity of both the non-audit work and audit work will not be compromised.

External Auditors

PricewaterhouseCoopers LLP were appointed as Auditors of the Company by the Directors in June 2014 and subsequently by shareholders in February 2015.

PricewaterhouseCoopers LLP have carried out the audit for the years ended 30 September 2014 and 2015 and were considered to be independent by the Board.

Having indicated their willingness to continue to act as Auditors to the Company for the forthcoming year a resolution re-appointing PricewaterhouseCoopers LLP as Auditors will be proposed at the forthcoming Annual General Meeting.

In accordance with EU Audit Regulations the Company will need to re tender for new auditors at least every 10 years. It will be mandatory to change audit firm after 20 years. In the meantime, the Committee will continue to carry out an annual assessment of the effectiveness of the audit process.

Auditors	Date of appointment	Length of service as at 10 December 2015
PricewaterhouseCoopers LLP	19 June 2014	1.5 years
Audit Partner Alex Bertolotti	19 June 2014	1.5 years

David Hunt, FCA
Chairman of the Audit Committee

10 December 2015

Governance / Directors' Remuneration Report

Statement from the Chairman

I am pleased to present the Directors' Remuneration Report to shareholders.

This report has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 and the Enterprise and Regulatory Reform Act 2013. An Ordinary Resolution for the approval of this report will be put to shareholders at the Company's forthcoming Annual General Meeting. The Directors' Remuneration Policy Report, which is separate to this report can be found on page 42.

The law requires the Company's Auditors to audit certain disclosures within this report. Where disclosures have been audited, they are indicated as such and the Auditors' opinion is included in their report to members on pages 60 to 64.

Due to the Company's size and to avoid the need to establish a separate Remuneration Committee, the Company's remuneration function is carried out by the full Board under my Chairmanship. The Board considers the framework for the remuneration of the Directors on an annual basis. It reviews the ongoing appropriateness of the Company's remuneration policy and the individual remuneration of Directors by reference to the activities of the Company and comparison with other companies of a similar structure and size. This is in-line with the AIC Code.

Last year, it was agreed to increase the fees paid to the Directors by 5% with effect from 1 October 2014 to bring the fees more into line with the market.

At the most recent review, held on 23 September 2015, it was agreed that the Directors' fees would remain unchanged for 2016.

All levels of remuneration reflect both the time commitment and responsibility of the role.

Directors' Fees

The Directors as at the date of this report received the fees listed in the table below. These exclude any employers' national insurance contributions, if applicable. No other forms of remuneration were received by the Directors and so fees represent the total remuneration of each Director. As noted in the Strategic Report, all of the Directors are non-executive and therefore there is no Chief Executive Officer ("CEO"). The Company does not have any employees. There is therefore no CEO or employee information to disclose.

No payments were made to former directors of the Company during the financial year ending 30 September 2015 (2014: Nil).

Directors' Emoluments for the Year (audited)

The Directors who served during the year received the following emoluments in the form of fees:

	Date of Appointment to the Board	Fees 2015	Fees 2014
Anthony Townsend (Chairman)	1 February 2005	£33,000	£31,500
John Allard	11 October 2000	£22,000	£21,000
Neil Collins	30 January 2008	£22,000	£21,000
Simon Hayes	29 June 2015	£5,669	–
David Hunt (Chairman of the Audit Committee and Senior Independent Director)	6 July 2006	£25,250	£24,150
Vanessa Renwick	11 October 2000	£22,000	£21,000
		£129,919	£118,650

Governance / Directors' Remuneration Report

At the Annual General Meeting held in February 2015 the results in respect of the resolutions to approve the Directors' Remuneration Report were as follows:

Directors' Remuneration Report

	Votes cast For	Votes cast Against	Votes withheld*
	42,550,558 (98.40%)	692,122 (1.60%)	331,852

*Votes withheld are not votes by law and are therefore not counted in the calculation of votes for or against a resolution.

Shareholder approval of the Directors' Remuneration Policy was last sought at the Annual General Meeting held in January 2014 and will next be sought at the AGM to be held in 2017, unless any material changes are made in which case approval will be sought at the next AGM following such changes.

Sums paid to Third Parties

None of the fees referred to in the table on page 39 were paid to any third party in respect of the services provided by any of the Directors.

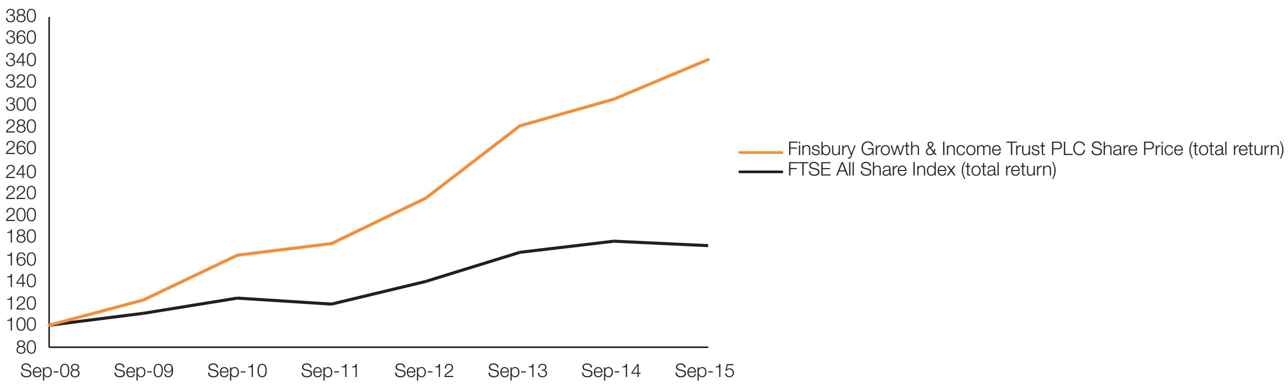
Loss of office

Directors do not have service contracts with the Company but are engaged under Letters of Appointment. These specifically exclude any entitlement to compensation upon leaving office for whatever reason.

Share Price Return

The chart below illustrates the shareholder return for a holding in the Company's shares as compared to the FTSE All-Share Index, which the Board has adopted as the measure for both the Company's performance and that of the Portfolio Manager for the seven years to 30 September 2015.

Shareholder Total Return for the Seven Years to 30 September 2015

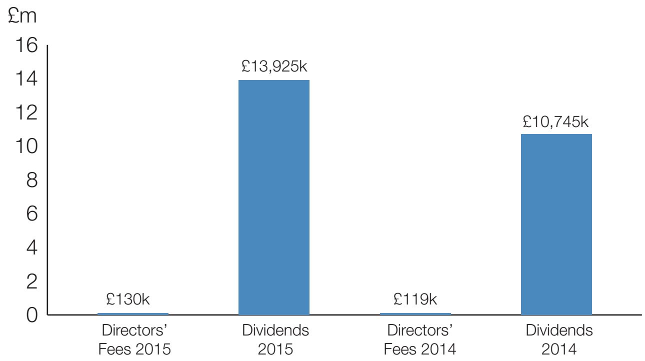


Rebased to 100 as at 30 September 2008

Governance / Directors' Remuneration Report

The bar chart below shows the comparative cost of Directors' fees compared with the level of dividend distribution for 2014 and 2015.

Relative Cost of Directors' Remuneration for the Year ended 30 September 2015



Source: Frostrow Capital LLP

Directors' Interests in Ordinary Shares (audited*)

The Directors' interests in the share capital of the Company are shown in the table below:

	Number of shares held		
	10 December 2015	30 September 2015*	30 September 2014*
Anthony Townsend (Chairman)	179,468	179,468	179,468
John Allard	41,417	40,623	29,331
Neil Collins	48,842	48,842	29,486
Simon Hayes	10,000	10,000	–
David Hunt	32,000	32,000	27,500
Vanessa Renwick	42,657	42,657	36,145
Total	354,384	353,590	301,930

None of the Directors were granted or exercised rights over shares during the year. None of the Directors has any contract (including service contracts) with the Company. There are no provisions included within the Company's Articles of Association which require Directors to hold shares in the Company.

Managers' Interests in Ordinary Shares

As at 30 September 2015, Mr Alastair Smith, the Managing Partner of the AIFM had interests in a total of 63,605 shares of the Company and Mr Nick Train, a Director of the Portfolio Manager had interests in a total of 522,616 shares of the Company.

Annual Statement

On behalf of the Board I confirm that the Remuneration Policy, set out on page 42 and this Remuneration Report summarises, as applicable, for the year ended 30 September 2015:

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the year; and

(c) the context in which the changes occurred and decisions have been taken.

Anthony Townsend
Chairman
10 December 2015

Governance / Directors' Remuneration Policy Report

The Company follows the recommendations of the AIC Code that Directors' remuneration should reflect their duties, responsibilities and the value of their time spent. The Board's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole, and is determined with reference to comparable organisations and appointments. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive Directors. This policy is reviewed annually and it is intended that it will continue for the year ending 30 September 2016 and for subsequent financial years.

The fees for the Directors are determined within the limits set out in the Company's Articles of Association, the maximum aggregate limit currently being £200,000 per annum, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties. The current and projected Directors' fees for 2016 are shown in the following table. The Company does not have any employees.

Directors' Fees Current and Projected

	Date of Appointment to the Board	Fees 2016	Fees 2015
Anthony Townsend (Chairman)	1 February 2005	£33,000	£33,000
John Allard	11 October 2000	£22,000	£22,000
Neil Collins	30 January 2008	£22,000	£22,000
Simon Hayes	29 June 2015	£22,000	£5,669
David Hunt (Chairman of the Audit Committee and Senior Independent Director)	6 July 2006	£25,250	£25,250
Vanessa Renwick	11 October 2000	£22,000	£22,000
		£146,250	£129,919

The current level of Directors fees will not be reviewed until at least September 2016. Any new Director being appointed to the Board that has not been appointed as either Chairman of the Board or as the Senior Independent Director will, under the current level of fees, receive £22,000 per annum.

Directors' Remuneration Year Ended 30 September 2015

None of the Directors has a service contract. The terms of their appointment provide that Directors shall retire and be subject to election at the first annual general meeting after their appointment and to re-election annually thereafter. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

In accordance with best practice recommendations the Board will put the Remuneration Policy to shareholders at the annual general meeting at least once every three years.

Approval of this policy was granted by shareholders at the Annual General Meeting held in January 2014. In respect of the year under review no feedback has been received from shareholders in relation to remuneration.

Governance / Statement of Directors' Responsibilities

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year. The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations. In preparing these Financial Statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable UK accounting standards; and
- prepared the Financial Statements on a going concern basis.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Report of the Directors and other information included in the annual report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Conduct Authority.

The Financial Statements are published on the Company's website (website address: www.finsburygt.com) and via the website of the AIFM (website address: www.frostrow.com). The maintenance and integrity of these websites, so far as it relates to the Company, is the responsibility of the AIFM. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of these websites and, accordingly, the Auditors accept no responsibility for any changes that have occurred to the Financial Statements since they were initially presented on these websites. Visitors to the websites need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in their jurisdiction.

Responsibility Statement of the Directors in Respect of the Annual Financial Report

The Directors confirm that, to the best of their knowledge:

- the Financial Statements within this annual report have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and the net return for the year ended 30 September 2015;
- the Chairman's Statement, Strategic Report and the Report of the Directors include a fair review of the information required by 4.1.8R to 4.1.11R of the FCA's Disclosure and Transparency Rules and 3.3.5R of the Fund Sourcebook of the FCA Handbook; and
- the annual report and Financial Statements taken as a whole are fair, balanced and understandable and provide the information necessary to assess the Company's performance, position, business model and strategy.

On behalf of the Board

Anthony Townsend
Chairman

10 December 2015

Financial Statements / Income Statement

for the year ended 30 September 2015

	Notes	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Gains on investments designated at fair value through profit or loss	9	–	47,338	47,338	–	26,961	26,961
Exchange difference		–	(94)	(94)	–	(17)	(17)
Income	2	17,379	–	17,379	13,570	–	13,570
AIFM and Portfolio management fees	3	(1,252)	(2,541)	(3,793)	(987)	(2,005)	(2,992)
Other expenses	4	(952)	–	(952)	(739)	(26)	(765)
Return on ordinary activities before finance charges and taxation		15,175	44,703	59,878	11,844	24,913	36,757
Finance charges	5	(187)	(379)	(566)	(151)	(306)	(457)
Return on ordinary activities before taxation		14,988	44,324	59,312	11,693	24,607	36,300
Taxation on ordinary activities	6	(305)	–	(305)	(226)	–	(226)
Return on ordinary activities after taxation		14,683	44,324	59,007	11,467	24,607	36,074
Basic and diluted return per share	7	13.5p	40.8p	54.3p	12.6p	27.0p	39.6p

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.

The notes on pages 48 to 59 form part of these Financial Statements.

Financial Statements / Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2015

	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total Shareholders' funds £'000
At 1 October 2014	24,370	215,304	3,453	12,424	228,842	10,538	494,931
Net return from ordinary activities	–	–	–	–	44,324	14,683	59,007
Second interim dividend (6.2p per share) for the year ended 30 September 2014	–	–	–	–	–	(6,086)	(6,086)
First interim dividend (5.5p per share) for the year ended 30 September 2015	–	–	–	–	–	(5,917)	(5,917)
Issue of shares	5,871	125,992	–	–	–	–	131,863
Cost of share issuance	–	(108)	–	–	–	–	(108)
At 30 September 2015	**30,241**	**341,188**	**3,453**	**12,424**	**273,166**	**13,218**	**673,690**

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total Shareholders' funds £'000
At 1 October 2013	20,784	146,465	3,453	12,424	204,235	8,478	395,839
Net return from ordinary activities	–	–	–	–	24,607	11,467	36,074
Second interim dividend (5.7p per share) for the year ended 30 September 2013	–	–	–	–	–	(4,748)	(4,748)
First interim dividend (5.1p per share) for the year ended 30 September 2014	–	–	–	–	–	(4,659)	(4,659)
Issue of shares	3,586	68,949	–	–	–	–	72,535
Cost of share issuance	–	(110)	–	–	–	–	(110)
At 30 September 2014	**24,370**	**215,304**	**3,453**	**12,424**	**228,842**	**10,538**	**494,931**

The notes on pages 48 to 59 form part of these Financial Statements.

Financial Statements / Balance Sheet

as at 30 September 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Investments designated at fair value through profit or loss	9	692,951	514,798
Current assets			
Debtors	10	2,621	2,339
Cash at bank and in hand		8,440	2,029
		11,061	4,368
Current liabilities			
Creditors: amounts falling due within one year		(1,322)	(1,135)
	11	(1,322)	(1,135)
Net current assets		9,739	3,233
Total assets less current liabilities		702,690	518,031
Creditors: amounts falling due after one year			
Bank loan	16	(29,000)	(23,100)
Net assets		673,690	494,931
Capital and reserves			
Called up share capital	12	30,241	24,370
Share premium account		341,188	215,304
Capital redemption reserve		3,453	3,453
Special reserve		12,424	12,424
Capital reserve	13	273,166	228,842
Revenue reserve		13,218	10,538
Total shareholders' funds		673,690	494,931
Net asset value per share – basic and diluted	14	556.9p	507.7p

The Financial Statements on pages 44 to 59 were approved by the Board of Directors on 10 December 2015 and were signed on its behalf by:

Anthony Townsend
Chairman

The notes on pages 48 to 59 form part of these Financial Statements.

Company Registration Number 13958 (Registered in Scotland)

Financial Statements / Cash Flow Statement

for the year ended 30 September 2015

	Notes	2015 £'000	2014 £'000
Net cash inflow from operating activities	17	11,923	9,346
Net cash outflow from servicing of finance – interest paid		(566)	(551)
Financial investment			
Purchase of investments		(131,529)	(78,662)
Sale of investments		802	763
Net cash outflow from financial investment		(130,727)	(77,899)
Equity dividends paid		(12,003)	(9,407)
Net cash outflow before financing		(131,373)	(78,511)
Financing			
Shares issued		132,086	71,824
Drawdown of loans		5,900	2,900
Cost of share issuance		(108)	(110)
Net cash inflow from financing		137,878	74,614
Increase/(decrease) in cash	18	6,505	(3,897)

Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash resulting from cashflows		6,505	(3,897)
Increase in debt		(5,900)	(2,900)
Exchange movements		(94)	(17)
Movement in net debt		511	(6,814)
Net debt at 1 October		(21,071)	(14,257)
Net debt at 30 September	18	(20,560)	(21,071)

The notes on pages 48 to 59 form part of these Financial Statements.

Financial Statements / Notes to the Financial Statements

1. Accounting Policies

The principal accounting policies, all of which have been applied consistently throughout the year in the preparation of these Financial Statements, are set out below:

(a) Basis of preparation

The Financial Statements have been prepared under the historical cost convention, except for the measurement at fair value of investments, and in accordance with UK Generally Accepted Accounting Practice (GAAP) and the Statement of Recommended Practice (SORP) for "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies and dated January 2009 and the Companies Act 2006.

The Financial Statements have been prepared on a going concern basis. The Directors believe this is appropriate as the Company's net assets consist almost entirely of liquid securities which are quoted on recognised stock exchanges.

(b) Investments

As the Company's business is investing in financial assets with a view to profiting from their total return in the form of dividends, interest or increases in fair value, investments are designated at fair value through profit or loss and are initially recognised at fair value. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided internally on this basis to the Board. Fair value for quoted investments is deemed to be bid market prices, or last traded price, depending on the convention of the stock exchange on which they are quoted.

Unquoted investments are valued by the Directors using primary valuation techniques such as discounted multiple of revenue, in accordance with IPEVCA guidelines.

Changes in the fair value of investments held at fair value through profit or loss, and gains and losses on disposal are recognised in the Income Statement as "gains or losses on investments designated at fair value through profit or loss".

All purchases and sales of investments are accounted for on the trade date basis.

The Company's policy is to expense transaction costs on acquisition through the capital column of the Income Statement. The total of such expenses, showing the total amounts included in disposals and acquisitions are disclosed in note 9 on page 53, as recommended by the SORP.

(c) Investment Income

Dividends receivable on equity shares are recognised on the ex-dividend date.

Fixed returns on non-equity shares are recognised on a time apportionment basis.

Special dividends: In deciding whether a dividend should be regarded as a capital or revenue receipt, the Company reviews all relevant information as to the reasons for and sources of the dividend on a case by case basis.

The limited liability partnership (LLP) profit share is recognised in the financial statements when the entitlement to the income is established.

(d) Dividend Payments

Dividends paid by the Company on its shares are recognised in the financial statements in the period in which they are paid and are shown in the Reconciliation of Movements in Shareholders' Funds.

Financial Statements / Notes to the Financial Statements

1. Accounting Policies continued

(e) Expenditure and Finance Charges

All the expense and finance costs are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement except as follows:

(1) expenses which are incidental to the acquisition or disposal of an investment are treated as part of the cost or proceeds of that investment (as explained in 1(b) above);

(2) expenses are taken to the capital reserve via the capital column of the Income Statement, where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In line with the Board's expected long term split of returns, in the form of capital gains and income from the Company's portfolio, 67% of the portfolio management fee, AIFM fee and finance costs are taken to the capital reserve;

(f) Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19.

Any tax relief obtained in respect of management and investment management fees, finance costs and other capital expenses charged or allocated to the capital column of the Income Statement is reflected in the Capital Reserve and a corresponding amount is charged against the revenue column of the Income Statement. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

(g) Foreign currency

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Assets and liabilities denominated in overseas currencies at the Balance Sheet date are translated into sterling at the exchange rate ruling at that date.

(h) Nature and purpose of reserves

Special reserve

The special reserve arose following Court approval in July 2002 to transfer £13.16 million from the share premium account. This reserve is distributable and has historically been used to fund any share buy-backs by the Company.

Capital redemption reserve

This reserve arose when ordinary shares were redeemed by the Company and subsequently cancelled, at which point the amount equal to the par value of the ordinary share capital was transferred from the ordinary share capital to the capital redemption reserve.

Capital reserve

This reserve reflects any:

- gains or losses on the disposal of investments;
- exchange differences of a capital nature;
- the increases and decreases in the fair value of investments which have been recognised in the capital column of the Income Statement; and
- expenses which are capital in nature as disclosed in note I(e).
- following amendments to the Company's Articles of Association in 2015, this reserve can be used to distribute realised capital profits by way of dividend.

Revenue reserve

This reserve reflects all income and expenditure which are recognised in the revenue column of the income statement and is also distributable.

Financial Statements / Notes to the Financial Statements

2. Income

	2015 £'000	2014 £'000
Income from investments		
Franked investment income		
– dividends	14,755	11,617
Unfranked investment income		
– limited liability partnership – profit-share	292	240
– limited liability partnership – priority profit share on AIFM capital contribution	30	8
– overseas dividends	2,302	1,705
Total income	17,379	13,570

3. AIFM and Portfolio Management Fees

	Revenue £'000	Capital £'000	2015 Total £'000	Revenue £'000	Capital £'000	2014 Total £'000
AIFM fee	330	670	1,000	254	516	770
Portfolio management fee	922	1,871	2,793	693	1,407	2,100
VAT on AIFM fees*	–	–	–	40	82	122
Total fees	1,252	2,541	3,793	987	2,005	2,992

*With effect from 22 July 2014 no VAT has been charged on the AIFM fees.

4. Other Expenses

	Revenue £'000	Capital £'000	2015 Total £'000	Revenue £'000	Capital £'000	2014 Total £'000
Directors' fees	130	–	130	119	–	119
Auditors' fees –						
statutory annual audit	25	–	25	24	–	24
audit related assurance services	–	–	–	4	–	4
taxation compliance services	4	–	4	3	–	3
Stock listing fees	157	–	157	115	–	115
Registrar fees	103	–	103	74	–	74
Depositary fees*	121	–	121	21	–	21
Custody fees	71	–	71	58	–	58
Legal and professional fees	15	–	15	79	26	105
Promotional costs	61	–	61	44	–	44
Printing and postage	66	–	66	52	–	52
Other expenses	199	–	199	146	–	146
Total expenses	952	–	952	739	26	765

All of the above expenses include VAT where applicable, with the exception of the fees paid to the Company's Auditors, which are shown net of VAT.

* Fees became payable with effect from 22 July 2014.

Details of the amounts paid to Directors are included in the Directors' Remuneration Report on pages 39 to 41.

Financial Statements / Notes to the Financial Statements

5. Finance Charges

	Revenue £'000	Capital £'000	2015 Total £'000	Revenue £'000	Capital £'000	2014 Total £'000
On bank loans wholly repayable within five years	168	340	508	131	267	398
Arrangement fees	3	7	10	10	20	30
Loan facility expenses	16	32	48	10	19	29
	187	379	566	151	306	457

6. Taxation on Ordinary Activities

(a) Analysis of charge in the year

	Revenue £'000	Capital £'000	2015 Total £'000	Revenue £'000	Capital £'000	2014 Total £'000
Irrecoverable overseas tax	345	–	345	256	–	256
Recoverable overseas tax	(40)	–	(40)	(30)	–	(30)
	305	–	305	226	–	226

(b) Factors affecting current tax charge for year

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.50% (2014: 22.0%)

The differences are explained below:

	Revenue £'000	Capital £'000	2015 Total £'000	Revenue £'000	Capital £'000	2014 Total £'000
Return on ordinary activities before taxation	14,988	44,324	59,312	11,693	24,607	36,300
Return on ordinary activities multiplied by corporation tax of 20.50%^ (2014: 22.0%)	3,073	9,086	12,159	2,572	5,414	7,986
Effects of:						
Overseas tax	345	–	345	256	–	256
Overseas tax recoverable	(40)	–	(40)	(30)	–	(30)
Franked investment income not subject to corporation tax – UK dividend income	(3,025)	–	(3,025)	(2,556)	–	(2,556)
Overseas dividends not taxable	(472)	–	(472)	(375)	–	(375)
Excess expenses unutilised	424	–	424	359	–	359
Amounts charged to capital	–	599	599	–	513	513
Expenses not deductible for tax purposes	–	19	19	–	4	4
Capital return not subject to tax*	–	(9,704)	(9,704)	–	(5,931)	(5,931)
Current tax charge for the year (note 6(a))	305	–	305	226	–	226

^ An average rate of 20.50% was applicable for the year ended 30 September 2015 due to the corporation tax rate being reduced from 21% to 20%.

*Gains on investments are not subject to corporation tax within an investment trust company.

(c) Provision for deferred taxation

No provision for deferred taxation has been made in the current or prior year.

At 30 September 2015, the Company has not recognised a deferred tax asset of £9,944,000 (2014: £9,393,000) arising principally as a result of excess management and loan expenses. It is not anticipated that this asset will be utilised in the foreseeable future.

Deferred tax is not provided on unrealised capital gains or losses arising on investments because the Company meets and intends to continue meeting the conditions for approval as an investment trust.

Financial Statements / Notes to the Financial Statements

7. Return per Share

	Revenue pence	Capital pence	2015 Total pence	Revenue pence	Capital pence	2014 Total pence
Return per share	13.5p	40.8p	54.3p	12.6p	27.0p	39.6p

The total return per share is based on the total return attributable to equity shareholders of £59,007,000 (2014: £36,074,000), and on 108,624,916 (2014: 91,128,356) shares, being the weighted average number of shares in issue during the year.

Revenue return per share is based on the net revenue on ordinary activities after taxation of £14,683,000 (2014: £11,467,000).

Capital return per share is based on the net capital profit for the year of £44,324,000 (2014: £24,607,000).

8. Dividends

	Ex-Dividend Date	Register Date	Payment Date	2015 £'000	2014 £'000
First interim dividend of 5.5p per share (2014: 5.1p)	2 April 2015	7 April 2015	6 May 2015	5,917	4,659
Second interim dividend of 6.6p per share (2014: 6.2p)	8 October 2015	9 October 2015	12 November 2015	8,008	6,086

The second interim dividend of 6.6p per share (2014: 6.2p) has not been included as a liability in these Financial Statements as it is only recognised in the financial year in which it is paid.

The total dividends payable in respect of the financial year which forms the basis of Section 1158 of the Corporation Tax Act 2010 are set out below:

	2015 £'000
Revenue available for distribution by way of dividend for the year	14,683
2015: First interim dividend of 5.5p per share paid on 6 May 2015	(5,917)
2015: Second interim dividend of 6.6p per share paid on 12 November 2015	(8,008)
Net addition to revenue reserves	758

Financial Statements / Notes to the Financial Statements

9. Investments

Analysis of portfolio movements

	2015 £'000	2014 £'000
Opening book cost	315,065	236,487
Opening investment holding gains	199,733	173,510
Valuation at 1 October	514,798	409,997
Movements in the year:		
Purchases at cost	131,617	78,603
Sales		
– Proceeds	(802)	(763)
– Gain on sales	802	738
Net movement in investment holding gains	46,536	26,223
Valuation at 30 September	692,951	514,798
Closing book cost	446,682	315,065
Investment holding gains at 30 September	246,269	199,733
Valuation at 30 September	692,951	514,798

Investment holding gains

	2015 £'000	2014 £'000
Gains based on historical cost	802	738
Net movement in investment holding gains in the year	46,536	26,223
Gains on investments during the year	47,338	26,961

Purchase transaction costs for the year to 30 September 2015 were £736,000 (2014: £461,000). These comprise of stamp duty costs of £540,000 (2014: £344,000) and commission of £196,000 (2014: £117,000). Sales transaction costs for the year to 30 September 2015 were £Nil (2014: £1,000). These transaction costs are included within the gains/(losses) on investments within the Income Statement.

10. Debtors

	2015 £'000	2014 £'000
Prepayments and accrued income	1,649	1,144
Amount due from broker in respect of shares issued by the Company	972	1,195
	2,621	2,339

11. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Amounts due to brokers	840	752
Other creditors and accruals	482	383
	1,322	1,135

Financial Statements / Notes to the Financial Statements

12. Called Up Share capital

	2015 £'000	2014 £'000
Allotted, issued and fully paid:		
120,965,212 (2014: 97,480,212) ordinary shares of 25p each	30,241	24,370

During the year 23,485,000 new ordinary shares were issued for consideration of £131,863,000 being an average price of 561.48p per share. At the year end there was a debtor of £972,000 (2014: £1,195,000) in relation to shares issued but not settled until after the year-end. At the year-end the Company held no shares in treasury (2014: Nil).

13. Capital Reserve

	Capital reserves realised £'000	Capital reserve investment holding gains unrealised £'000	Total £'000
At 1 October 2014	29,109	199,733	228,842
Net gains on investments	802	46,536	47,338
Expenses charged to capital	(2,920)	–	(2,920)
Foreign currency exchange difference	(94)	–	(94)
At 30 September 2015	26,897	246,269	273,166

Under the terms of the Company's Articles of Association, sums within "Capital Reserves" are available for distribution.

14. Net Asset Value per Share

The net asset value per share is based on net assets of £673,690,000 (2014: £494,931,000) and on 120,965,212 (2014: 97,480,212) shares in issue at the year end. As at 30 September 2015 the Company held no shares in treasury (2014: Nil).

15. Related Parties

The following are considered to be related parties:

- Lindsell Train Limited (Portfolio Manager)
- The Directors of the Company
- Frostrow Capital LLP (AIFM)

Details of the relationship between the Company and Lindsell Train Limited are disclosed in the Business Review on page 18. Details of fees paid to Lindsell Train Limited by the Company can be found in note 3 on page 50.

The Company has an investment in The Lindsell Train Investment Trust plc with a book cost of £1,000,000 (2014: £1,000,000) and a fair value of £4,900,000 as at 30 September 2015 (2014: £3,680,000). The Lindsell Train Investment Trust plc is managed by the Company's Portfolio Manager.

Details of the remuneration of all Directors can be found on pages 39 to 41. Details of the Directors' interests in the capital of the Company can be found on page 41.

Details of the relationship between the Company and Frostrow Capital LLP and details of the Company's partnership interest in Frostrow Capital LLP, and income received from the partnership are set out in notes 16 on page 58 and note 2 on page 50 respectively and are also disclosed in the Strategic Report on page 17.

Details of fees paid to Frostrow Capital can be found in note 3 on page 50.

All material related party transactions have been disclosed in notes 3 and 4 on page 50.

Financial Statements / Notes to the Financial Statements

16. Risk Management

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its investment objective as stated on pages 16 and 17. In pursuit of its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction in the revenue profits available for distribution.

The Company's financial instruments comprise mainly of equity investments, cash balances, borrowings and debtors and creditors that arise directly from its operations.

The principal risks inherent in managing the Company's financial instruments are market risk, liquidity risk and credit risk. These risks and the Directors' approach to the management of them are set out in the Strategic Report on pages 21 and 22.

Market risk

Market risk comprises three types of risk: market price risk, interest rate risk and currency risk.

Market price risk

As an investment company, performance is dependent on the performance of the underlying companies and securities in which it invests. The market price of investee companies' shares is subject to their performance, supply and demand for the shares and investor sentiment regarding the Company or the industry sector in which it operates. Consequently market price risk is one of the most significant risks to which the Company is exposed.

At 30 September 2015, the fair value of the Company's assets exposed to market price risk was £692,951,000 (2014: £514,798,000) (see page 8). If the fair value of the Company's investments at the Balance Sheet date increased or decreased by 20%, while all other variables remained constant, the capital return and net assets attributable to shareholders for the year ended 30 September 2015 would have increased or decreased by £138,590,000 or 114.6p per share (2014: £102,960,000 or 105.6p per share).

No derivatives or hedging instruments are utilised to manage market price risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate movement may affect:

- the interest payable on the Company's variable rate borrowings
- the level of income receivable from variable interest securities and cash deposits
- the fair value of investments of fixed rate securities

The Company's main exposure to interest rate risk during the year ended 30 September 2015 was through its three year £50,000,000 secured multicurrency committed revolving credit facility with Scotiabank Europe PLC maturing in October 2016. Borrowings varied throughout the year as part of the Board's endorsed policy. Borrowings at the year-end amounted to £29,000,000 (2014: £23,100,000) at an interest rate of 1.88% (LIBOR plus 1.30%).

If the above level of borrowing was maintained for a year a 1% increase/decrease in LIBOR would decrease/increase the revenue return by £96,000, (2014: £76,000) decrease/increase the capital return by £194,000 (2014: £155,000), and decrease/increase the net assets by £290,000 (2014: £231,000).

The weighted average interest rate, during the year, on borrowings under the above mentioned revolving credit facility was 1.87% (2014: 1.84%).

Financial Statements / Notes to the Financial Statements

16. Risk Management continued

At the year-end, the Company's financial assets and liabilities exposed to interest rate risk were as follows:

	2015 within one year £'000	2015 more than one year £'000	2014 within one year £'000	2014 more than one year £'000
Exposure to floating rates:				
Assets				
Cash at bank and in hand	8,440	–	2,029	–
Liabilities				
Creditors: amount falling due after one year – borrowings under the loan facility	–	(29,000)	–	(23,100)
Exposure to fixed rates:				
Assets				
Investments designated at fair value through profit or loss#	492	–	392	–
Liabilities	–	–	–	–

#Celtic 6% cumulative convertible preference shares and Frostrow Capital LLP AIFM Investment.

Currency risk

The Financial Statements are presented in sterling, which is the functional currency and presentational currency of the Company. At 30 September 2015, the Company's investments, with the exception of six, were priced in sterling. The six exceptions, Thomson Reuters, listed in Canada, Heineken, listed in the Netherlands, Remy Cointreau listed in France, and Dr. Pepper Snapple, The Kraft Heinz Company and Mondelez International, all listed in the United States, represent 18.5% of the portfolio (see page 8).

The AIFM and the Portfolio Manager monitor the Company's exposure to foreign currencies on a continuous basis and regularly report to the Board. The Company does not hedge against foreign currency movements, but the Portfolio Manager takes account of the risk when making investment decisions.

Income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between its receipt and the time that the income is included in the Financial Statements.

At 30 September 2015 the Company held £61,627,000 (2014: £33,931,000) of investments denominated in U.S. dollars and £10,705,000 (2014: £9,130,000) in Canadian dollars and £55,391,000 (2014: £34,719,000) in euro.

The following table details the sensitivity of the Company's capital or revenue return after taxation for the year to a % increase and decrease in sterling against foreign currency, after applying the average rate of volatility of the currency over the year. The average rate of volatility for each currency over the year: U.S. dollars 1.8% increase and decrease (2014: 1.6%), Canadian dollars 4.0% (2014: 2.8%) and Euros 3.6% (2014: 2.0%).

If sterling had weakened against the foreign currencies, as stated above, this would have had the following effect:

			2015			2014
	US$ £'000	Canadian$ £'000	Euro £'000	US$ £'000	Canadian$ £'000	Euro £'000
Increase in revenue return	4	–	3	2	–	1
Increase in capital return	1,148	442	2,066	550	266	701
Total return after tax/increase in shareholders' funds	1,152	442	2,069	552	266	702

If sterling had strengthened against the foreign currency as stated above, this would have had the following effect:

			2015			2014
	US$ £'000	Canadian$ £'000	Euro £'000	US$ £'000	Canadian$ £'000	Euro £'000
Decrease in revenue return	(4)	–	(2)	(2)	–	(1)
Decrease in capital return	(1,106)	(408)	(1,922)	(533)	(251)	(674)
Total return after tax/decrease in shareholders' funds	(1,110)	(408)	(1,924)	(535)	(251)	(675)

Financial Statements / Notes to the Financial Statements

16. Risk Management continued

Credit Risk

Credit risk is the Company's exposure to financial loss from the failure of a counterparty to deliver securities or cash for acquisition or disposals of investments which could result in the Company suffering a financial loss. Credit risk is managed as follows:

- Investment transactions are carried out only with brokers whose creditworthiness is reviewed by the Portfolio Manager.
- Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transactions entered into by the Company has delivered its obligation before any transfer of cash or securities away from the Company is completed.
- Any failing trades in the market are closely monitored by both the AIFM and the Portfolio Manager.
- Cash is only held at banks that have been identified by the Board as reputable and of high credit quality. Bank of New York Mellon has a credit rating of Aa1 (Moodys) and AA- (S&P).

Scotiabank Europe PLC, the provider of the Company's loan facility, has a first fixed and floating charge over the assets of the Company as security against any funds drawn down by the Company under the loan facility. The Company is in the second year of its three-year secured fixed term multicurrency revolving credit facility of £50 million.

As at 30 September 2015, the exposure to credit risk was £11,133,000 (2014: £4,440,000), comprising:

	2015 £'000	2014 £'000
Fixed assets:		
Non-equity investments (preference shares)	72	72
Current assets:		
Other receivables (amounts due from brokers, dividends and interest receivable)	2,621	2,339
Cash at bank and in hand	8,440	2,029
Total exposure to credit risk	11,133	4,440

Liquidity risk of investments

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted equities and other quoted securities that are readily realisable, and are significantly in excess of its financial liabilities.

Fair value of financial assets and financial liabilities

Financial assets and financial liabilities are either carried in the balance sheet at their fair value or at a reasonable approximation of fair value.

Valuation of financial instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – valued using quoted prices unadjusted in active markets for identical assets or liabilities.
- Level 2 – valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included within Level 1.
- Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability.

The table overleaf sets out fair value measurements of financial instruments as at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised.

Financial Statements / Notes to the Financial Statements

16. Risk Management continued

Financial assets at fair value through profit or loss at 30 September 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	691,459	–	–	691,459
Partnership interest (Frostrow Capital LLP)	–	–	1,000	1,000
AIFM Capital Contribution (Frostrow Capital LLP)	–	–	420	420
Preference share investments	72	–	–	72
	691,531	–	1,420	692,951

Financial assets at fair value through profit or loss at 30 September 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	513,666	–	–	513,666
Partnership interest (Frostrow Capital LLP)	–	–	740	740
AIFM Capital Contribution (Frostrow Capital LLP)	–	–	320	320
Preference share investments	72	–	–	72
	513,738	–	1,060	514,798

The valuation techniques used by the Company are explained in the accounting policies in note 1.

There have been no transfers during the year between Levels 1 and 2. A reconciliation of fair value measurements in Level 3 is set out below.

Level 3 Reconciliation of financial assets at fair value through profit or loss at 30 September

	2015 £'000	2014 £'000
Opening fair value	1,060	650
AIFM Capital Contribution (Frostrow Capital LLP)	100	320
Total gains included in gains on investments in the Income Statement – on assets held at the end of the year	260	90
Closing fair value	1,420	1,060

Capital management objectives, policies and procedures

The structure of the Company's capital is described in note 12 on page 54 and details of the Company's reserves are shown in the Reconciliation of Movements in Shareholders' Funds on page 45. Details of the Company's net debt, representing 2.9% (2014: 4.0%) of net assets, can be found on the Balance Sheet on page 46.

The Company's capital management objectives are:

- to ensure that it is able to continue as a going concern; and
- to achieve capital and income growth and to provide shareholders with a total return in excess of that of the FTSE All-Share Index through an appropriate balance of equity capital and debt.

The Board, with the assistance of the AIFM and the Portfolio Manager, regularly monitors and reviews the broad structure of the Company's capital. These reviews include:

- the level of gearing, set at limits in normal market conditions, between 5% and 25% of net assets, which takes account of the Company's position and the views of the Board, the AIFM and the Portfolio Manager on the market; and
- the extent to which revenue reserves should be retained or utilised.

The Company's objectives, policies and procedures for managing capital are unchanged from last year.

There were no breaches by the Company, during the year, of the financial covenants put in place by Scotiabank Europe PLC in respect of the committed revolving credit facility provided to the Company.

These requirements are unchanged since last year and the Company has complied with them at all times.

Financial Statements / Notes to the Financial Statements

17. Reconciliation of Net Return Before Finance Charges and Taxation to Net Cash Inflow from Operating Activities

	2015 £'000	2014 £'000
Total return before finance charges and taxation	59,878	36,757
Less: capital return before finance charges and taxation	(44,703)	(24,913)
Net revenue before finance charges and taxation	15,175	11,844
Increase in accrued income and prepayments	(481)	(266)
Increase in creditors	99	39
Taxation – irrecoverable overseas tax paid	(329)	(240)
Investment management and management fees charged to capital	(2,541)	(2,005)
Other expenses charged to capital	–	(26)
Net cash inflow from operating activities	11,923	9,346

18. Analysis of Changes in Net Debt

	At 1 October 2014 £'000	Cashflow £'000	Exchange movement £'000	At 30 September 2015 £'000
Cash at bank and in hand	2,029	6,505	(94)	8,440
Loan facility	(23,100)	(5,900)	–	(29,000)
Net debt	(21,071)	605	(94)	(20,560)

19. Substantial Interests

The Company holds interests in 3% or more of any class of capital in the following entities:

Company or Limited Liability Partnership	Shares held	Fair value £'000	% of issued share capital or Limited Liability Partnership interest
A.G. Barr	4,345,102	22,790	3.7
Celtic	3,135,033	2,257	3.4
Fidessa	1,163,500	20,873	3.0
Frostrow Capital LLP (unquoted)	–	1,420	10.0
The Lindsell Train Investment Trust plc*	10,000	4,900	5.0
Young & Co's Brewery	1,050,000	9,030	5.5

*Also managed by Lindsell Train Limited who receive a portfolio management fee of 0.65% per annum of the Company's adjusted market capitalisation.

Independent Auditors' Report to the Members of Finsbury Growth & Income Trust PLC

Report on the Financial Statements

Our opinion

In our opinion, Finsbury Growth and Income Trust PLC's financial statements (the "Financial Statements"):

- give a true and fair view of the state of the Company's affairs as at 30 September 2015 and of its return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The Financial Statements, included within the Annual Report, comprise:

- the Income Statement for the year ended 30 September 2015;
- the Reconciliation of Movements in Shareholders' Funds for the year then ended;
- the Balance Sheet as at 30 September 2015;
- the Cash Flow Statement for the year then ended; and
- the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the Financial Statements. These are cross-referenced from the Financial Statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the Financial Statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our audit approach

Overview

Materiality:

- Overall materiality: £6.7 million which represents 1% of net assets.

Audit Scope:

- The Company is a standalone Investment Trust Company and engages Frostrow Capital LLP (the "AIFM") to manage its assets.
- We conducted our audit of the Financial Statements at the offices of the AIFM and at Phoenix Administration Services Limited ("Phoenix") who the AIFM has engaged to provide certain accounting, administrative and valuation functions to the AIFM of the Company.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

Areas of Focus:

- Investment income.
- Valuation and existence of investments.

Independent Auditors' Report to the Members of Finsbury Growth & Income Trust PLC

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the Financial Statements. In particular, we looked at where the Directors made subjective judgements, the key area being the valuation of the one unquoted investment. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the Financial Statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Investment income *Refer to page 37 (Audit Committee Report), page 48 (Accounting Policies) and page 50 (notes).* We focused on the accuracy and completeness of Investment income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP'). This is because incomplete or inaccurate investment income could have a material impact on the Company's net asset value and dividend cover.	We assessed the accounting policy for Investment Income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy as set out in note 1(c) on page 48 of the Financial Statements. We understood and assessed the design and implementation of key controls surrounding Investment Income recognition. In addition, we tested dividend receipts by agreeing the dividend rates from all investments to independent third party sources. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared by a sample of investment holdings in the portfolio. We tested the allocation and presentation of Investment Income between the income and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We then tested the validity of income and capital special dividends to independent third party sources.
Valuation and existence of investments *Refer to page 37 (Audit Committee Report), page 48 (Accounting Policies) and page 53 (notes).* The investment portfolio at the year-end principally comprised listed equity investments valued at £693m. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the Financial Statements.	We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources. We tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation from BNY Mellon.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the types of investment within the company, the involvement of the AIFM and Phoenix, the accounting processes and controls, and the industry in which the Company operates.

The AIFM outsources certain accounting, administrative and valuation functions to Phoenix.

Independent Auditors' Report to the Members of Finsbury Growth & Income Trust PLC

As part of our risk assessment, we assessed the control environment in place at both the AIFM and Phoenix to the extent relevant to our audit. This assessment involved obtaining and reading the relevant control reports, issued by the independent auditor of the AIFM and Phoenix in accordance with generally accepted assurance standards for such work, to gain an understanding of both the AIFM's and Phoenix's control environment and to consider the operating and accounting structure at both the AIFM and Phoenix. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the Financial Statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual Financial Statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

Overall materiality	£6.7 million (2014: £4.9 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £335,000 (2014: £245,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on pages 43 and 48, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are also required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the Financial Statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the Financial Statements. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the Financial Statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis in preparing the Financial Statements is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• information in the Annual Report is: – materially inconsistent with the information in the audited Financial Statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
• the statement given by the Directors on page 43, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit.	We have no exceptions to report.

Independent Auditors' Report to the Members of Finsbury Growth & Income Trust PLC

• the section of the Annual Report on page 36, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

The Directors' assessment of the principal risks that would threaten the solvency or liquidity of the Company

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

• the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the Directors' explanation in the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Company and the Directors' statement in relation to the longer-term viability of the Company, set out on page 66. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' Remuneration Report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the Members of Finsbury Growth & Income Trust PLC

Corporate governance statement

Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the Company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 43, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the Financial Statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the Financial Statements.
We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.
In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Alex Bertolotti (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 December 2015

Report of the Directors

In accordance with the requirements of the Companies Act 2006 (the "Act") and the UK Listing and Disclosure and Transparency Rules, the Directors present their annual report on the affairs of the Company, together with the audited financial statements and the Independent Auditors' Report for the year ended 30 September 2015.

The Corporate Governance Statement on pages 26 to 35 forms part of this Report of the Directors.

Disclosures relating to future developments and risk management can be found within the Strategic Report, on pages 2 to 23.

Business and Status of the Company

The Company is registered as a public limited company in Scotland (Registered Number SC013958) and is an investment company within the terms of Section 833 of the Act. Its shares are listed on the premium segment of The Official List of the UK Listing Authority and traded on the main market of the London Stock Exchange which is a regulated market as defined in Section 1173 of the Act.

The Company has applied for and been accepted as an approved investment trust under sections 1158 and 1159 of the Corporation Taxes Act 2010 and Part 2 Chapter 1 of Statutory Instrument 2011/2999. This approval relates to accounting periods commencing on or after 1 October 2012. The Directors are of the opinion that the Company has conducted its affairs so as to be able to retain such approval.

It is the Directors' intention that the Company should continue to manage its affairs so as to be a qualifying investment for inclusion in the stocks and shares components of an Individual Savings Account ("ISA") and Junior ISA.

The Company is required to comply with company law, the rules of the UK Listing Authority, UK Financial Reporting Standards, and its Articles of Association.

The Company is a member of the Association of Investment Companies ("AIC").

Investment Objective and Policy

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.

Details of the Company's investment policy and strategy can be found within the Strategic Report on page 16.

Results and Dividends

The results attributable to shareholders for the year are shown on page 3. Details of the Company's dividend record can be found on page 9.

Loan Facility

As at 30 September 2015 the Company is in its second year of its three-year secured fixed term committed revolving credit facility of £50 million with Scotiabank Europe PLC. As at this date a total of £29 million was drawn down from this facility (2014: £23.1 million) which equates to net gearing of 3% which is consistent with the Company's gearing policy that the Company's gearing should not exceed 25% of its net assets.

On 18 March 2015 the Board increased the commitment under the Facility Agreement by an amount of £20 million to a total of £50 million. The amount drawn under the facility, both initially and as increased, lies comfortably within the Company's gearing limit and remains within the constraints of the Company's investment policy.

Fixed Asset Investments

The fair value of the Company's investments at 30 September 2015 was £692,951,000 (2014: £514,798,000) showing a gain since acquisition of £246,269,000 (2014: gain £199,733,000). Taking these investments at this valuation, the net assets attributable to each share at 30 September 2015 amounted to 556.9p (2014: 507.7p).

Share Capital

At the Annual General Meeting held on Wednesday, 3 February 2015, authority to allot up to 10,412,512 shares on a non pre-emptive basis at prices not less than the higher of the prevailing cum or ex income net asset value per share at the time of issuance was granted.

All of the shares available under this allotment authority have been issued and the Company held a General Meeting on Wednesday, 1 July 2015 where shareholder authority was obtained to issue a further 11,440,521 shares on the same basis. A further General Meeting was held on Thursday, 12 November 2015 and shareholder authority was obtained to issue a further 12,362,521 shares on the same basis. A prospectus has also been published in order to obtain admission to the Official List maintained by the UK Listing Authority of any shares issued pursuant to the authority obtained.

Report of the Directors

During the year, 23,485,000 new shares were issued by the Company at a minimum premium of 0.7% to the higher of the prevailing cum or ex income net asset value per share at the time of issue. Since the year-end and to 9 December, the latest practicable date before publication of this report, a further 5,081,000 new shares have been issued under the same issuance criteria. No shares were repurchased by the Company during the year.

Capital Structure

As at 30 September 2015 there were 120,965,212 shares of 25p each in issue (2014: 97,480,212) each share having one vote.

There were no shares held in treasury during the year (2014: nil).

Details of the substantial shareholders in the Company are listed on page 68.

The giving of powers to issue or buy-back the Company's shares requires the relevant resolution to be passed by shareholders. Proposals for the renewal of the Board's current powers to issue and buy-back shares are detailed on pages 74 to 76.

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no restrictions on voting rights; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

Viability Statement

In accordance with the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the 'Going Concern' provision. The Board asked the Audit Committee to address this new requirement, which should take account of the Company's current position and the principal risks as set out on pages 21 to 22 so that the Board may state that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

To provide this assessment the Audit Committee has considered the Company's financial position as described above and its ability to liquidate its portfolio and meet its expenses as they fall due:

- The portfolio comprises principally of investments traded on major international stock exchanges and there is a spread of investments by size of company. The current portfolio could be liquidated to the extent of 85% within seven trading days and there is no expectation that the nature of the investments held within the portfolio will be materially different in future;
- The expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments foreseen which would alter that position; and
- The Company has no employees, with only non-executive Directors and consequently does not have redundancy or other employment related liabilities or responsibilities.

The Audit Committee, as well as considering the principal risks on pages 21 to 22 and the financial position of the Company as set out above, has also considered the following assumptions in considering the longer-term viability:

- The Board and the Portfolio Manager will continue to adopt a long-term view when making investments, and anticipated holding periods can be at least five years;
- It is reasonable to believe that the Company will extend the loan facility currently provided by Scotiabank Europe PLC when it expires next year;
- The Company invests principally in the securities of UK listed companies to which investors will wish to continue to have exposure;
- There will continue to be demand for investment trusts;
- Regulation will not increase to a level that makes the running of the Company uneconomical; and
- The performance of the Company will continue to be satisfactory.

Taking account of the anticipated investment holding periods, the expected extension of the Company's gearing facility and the liquidity and medium term prospects of the Company's investment portfolio, the Directors have formed a reasonable expectation that the Company will be able to continue its operations and meet its liabilities as they fall due over the next five years.

Report of the Directors

Holding in The Lindsell Train Investment Trust plc and Partnership Interest in Frostrow Capital LLP

In 2001 the Company acquired a holding, equivalent to 5% of the issued share capital, in The Lindsell Train Investment Trust plc, which is managed by Lindsell Train, the Company's Portfolio Manager. The Lindsell Train Investment Trust plc owns 25% of Lindsell Train and so the Company has an indirect interest of 1.25% in Lindsell Train.

The Company also acquired a 10% partnership interest in Frostrow in return for a capital contribution of £150,000 in 2007, of which £75,000 was repaid to the Company by Frostrow in 2008. The valuation of the Company's investment in The Lindsell Train Investment Trust plc and Frostrow at the year end can be found on page 8. In addition, the Company has agreed to provide capital to Frostrow to enable it to satisfy its capital requirements under AIFMD, subject to a maximum of £500,000 in aggregate. In return, the Company receives a priority return of 9% per annum of the balance of capital contributions made to Frostrow from time to time by the Company, as a first charge on Frostrow's profits. As at 30 September 2015, Frostrow has drawn down £420,000 (2014: £320,000) from the Company to meet its capital requirements under AIFMD.

AIFM and Portfolio Manager Evaluation and Re-Appointment

The performance of Frostrow as AIFM and Lindsell Train as Portfolio Manager is continuously monitored by the Board with a formal evaluation being undertaken each year. As part of this process the Board monitors the services provided by the AIFM and the Portfolio Manager and receives regular reports and views from them. The Board also receives comprehensive performance measurement reports to enable it to determine whether or not the performance objective set by the Board has been met.

Following a review at the Management Engagement Committee meeting in September 2015 the Board believes that the continuing appointment of the AIFM and the Portfolio Manager, under the terms described on pages 17 and 18 (as applicable), is in the best interests of the Company's shareholders as a whole. In coming to this decision it took into consideration the following additional reasons:

– the quality and depth of experience of the management, company secretarial, administrative and marketing team that the AIFM allocates to the management of the Company; and

– the quality and depth of experience allocated by the Portfolio Manager to the management of the portfolio, the clarity and rigour of the investment process, the level of past performance of the portfolio in absolute terms and also by reference to the benchmark index.

Directors

Directors' Fees

Reports on Directors' Remuneration and also the Directors' Remuneration Policy are set out on pages 39 to 42.

Directors' and Officers' Liability Insurance Cover

Directors' and Officers' liability insurance cover was maintained by the Board during the year ended 30 September 2015. It is intended that this policy will continue for the year ended 30 September 2016 and subsequent years.

Directors' Indemnities

During the year and as at the date of this report, indemnities are in force between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his/her role as a Director of the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim by the Company or a regulator as they are incurred provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006.

A copy of each deed of indemnity is available for inspection at the offices of Frostrow during normal business hours and will be available for inspection at the Annual General Meeting.

Directors' (and Other Senior Individuals) Interests

The beneficial interests in the Company of the Directors, of Nick Train, the individual with responsibility for managing the Company's portfolio at Lindsell Train and Alastair Smith, Managing Partner at Frostrow, and their connected persons, are set out on page 41 of this annual report.

Report of the Directors

Substantial Share Interests

The Company was aware of the following substantial interests in the voting rights of the Company as at 30 September 2015 and 30 November 2015, being the latest practicable date before publication of the annual report:

		30 November 2015		30 September 2015	
Shareholders	Registered Holders	Number of shares	% of capital	Number of shares	% of capital
Hargreaves Lansdown	Various Nominee Accounts	11,850,715	9.46	11,380,666	9.41
Alliance Trust Savings	Alliance Trust Savings Nominees	11,745,272	9.37	11,487,179	9.50
Brewin Dolphin	Various Nominee Accounts	11,434,316	9.12	11,403,079	9.43
Investec Wealth & Investment	Various Nominee Accounts	8,392,644	6.70	8,176,244	6.76
Rathbones	Various Nominee Accounts	6,789,128	5.42	6,311,663	5.22
Charles Stanley	Rock Nominees	4,547,997	3.63	4,461,682	3.69
Aberdeen Asset Management	Various Nominee Accounts	4,458,065	3.56	4,417,084	3.66
Brewin Dolphin (ND)	Various Nominee Accounts	3,972,011	3.17	3,956,218	3.27

As at 30 September 2015 the Company had 120,965,212 shares in issue. As at 30 November 2015 the Company had 125,316,212 shares in issue.

Beneficial Owners of Shares – Information Rights

The beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under Section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's registrar, Capita Asset Services, or to the Company directly.

Retail Investors advised by IFAs

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers ("IFAs") in the UK to ordinary retail investors in accordance with the Financial Conduct Authority ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an authorised investment trust.

Financial Instruments

The Company's financial instruments comprise its portfolio, cash balances, debtors and creditors that arise directly from its operations, such as sales and purchases awaiting settlement and accrued income. The financial risk management and policies arising from its financial instruments are disclosed in note 16 to the Financial Statements.

Individual Savings Accounts

The Company's shares are eligible to be held in the stocks and shares component of an ISA or Junior ISA, subject to applicable annual subscription limits (£15,240 for an ISA and £4,080 for a Junior ISA for the 2015/2016 tax year). Investments held in ISAs or Junior ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Ordinary Shares through an ISA is restricted to certain UK resident individuals aged 18 or over. Junior ISAs are available for UK resident children aged under 18 and born before 1 September 2002 or after 2 January 2011. Sums received by a shareholder on a disposal of ordinary shares held within an ISA or Junior ISA will not count towards the shareholder's annual limit. Individuals wishing to invest in ordinary shares through an ISA should contact their professional advisers regarding their eligibility as should individuals wishing to invest through a Junior ISA for children under 18 years old.

S.I 2007/1093 C.49 Commencement No2. Order 2007

The following disclosures are made in accordance with S.1 2007/1093 C.49 Commencement No2. Order 2007

Capital structure

The Company's capital structure is composed solely of ordinary shares. Details are given in note 12 to the Financial Statements on page 54.

Voting rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this annual report are given in note 9 to the Notice of Annual General Meeting on page 78.

Report of the Directors

Anti-Bribery and Corruption Policy

The Board has adopted a zero tolerance approach to instances of bribery and corruption. Accordingly it expressly prohibits any Director or associated persons when acting on behalf of the Company, from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad to secure any improper benefit for themselves or for the Company.

Political Donations

The Company has not in the past and does not intend in the future to make political donations.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), (including those within our underlying investment portfolio).

Corporate Governance

The Corporate Governance report, which includes the Company's Corporate Governance policies is set out on pages 26 to 35.

Disclosure of information to the Auditors

So far as the Directors are aware, there is no relevant information of which the Auditors are unaware. The Directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditors are aware of such information.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

By order of the Board

Frostrow Capital LLP
Company Secretary

10 December 2015

Further Information / Shareholder Information

Financial Calendar

30 September	Financial Year End
December	Final Results Announced
31 March	Half Year End
May	Half Year Results Announced
February	Annual General Meeting

Annual General Meeting

The Annual General Meeting of Finsbury Growth & Income Trust PLC will be held at Guildhall, City of London EC2P 2EJ on Thursday, 4 February 2016 at 12 noon.

Further details on the location of the Annual General Meeting can be found on page 80.

Share Prices

The Company's ordinary shares are listed on the London Stock Exchange under 'Investment Companies'. The price is given daily in the Financial Times and other newspapers.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrars, Capita Asset Services, under the signature of the registered holder.

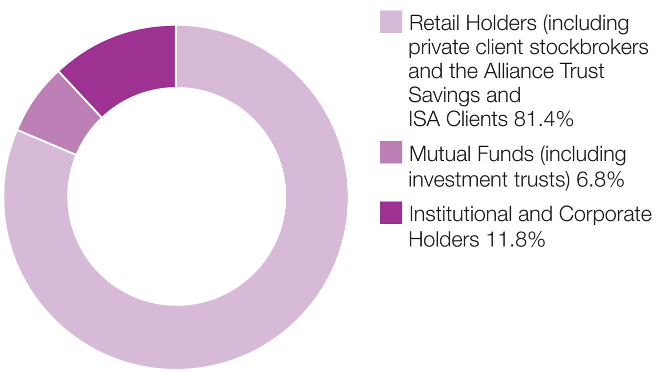
Daily Net Asset Value

The daily net asset value of the Company's shares can be obtained on the Company's website at www.finsburygt.com and is published daily via the London Stock Exchange.

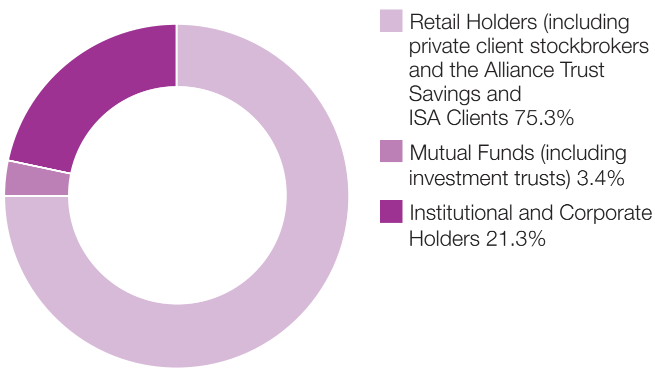
Profile of the Company's Ownership

% of Ordinary Shares held at 30 September

2015



2014



Source: Richard Davies Investor Relations (rdir).

Further Information / Glossary of Terms

AIC

Association of Investment Companies.

AIFMD

The Alternative Investment Fund Managers 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.

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Gearing

Calculated using the Association of investment companies definition.

Total assets, less current liabilities (before deducting any prior changes) minus cash/cash equivalents divided by Shareholders' Funds, expressed as percentage.

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 Method and the Commitment Method at 125% of net assets. These limits are monitored by both the Board and the AIFM.

As at 30 September 2015, the actual level of leverage for the Company amounted to 103% for the Gross and Commitment Method.

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 theoretical 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.

Ongoing Charges

Ongoing charges are calculated by taking the Company's annualised expenses, excluding exceptional items, and expressing them as a percentage of the average net asset value of the Company over the year.

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 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/Pages/index.aspx
Charles Stanley Direct	https://www.charles-stanley-direct.co.uk/
Club Finance	http://www.clubfinance.co.uk/
Fast Trade	http://www.fastrade.co.uk/wps/portal
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/
IG Index	http://www.igindex.co.uk/
Interactive Investor	http://www.iii.co.uk/
IWEB	http://www.iweb-sharedealing.co.uk/share-dealing-home.asp
James Brearley	http://www.jbrearley.co.uk/Marketing/index.aspx
Natwest Stockbrokers	http://www.natweststockbrokers.com/nw/products-and-services/share-dealing.ashx
Saga Share Direct	https://www.sagasharedirect.co.uk/
Selftrade	http://www.selftrade.co.uk/
The Share Centre	https://www.share.com/
Saxo Capital Markets	http://uk.saxomarkets.com/
TD Direct Investing	http://www.tddirectinvesting.co.uk/

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 (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 / Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Finsbury Growth & Income Trust PLC will be held at Guildhall, City of London EC2P 2EJ on Thursday, 4 February 2016 at 12 noon, for the following purposes:

Ordinary Business

1. To receive and consider the audited Financial Statements and the Report of the Directors for the year ended 30 September 2015.
2. To re-elect Anthony Townsend as a Director of the Company.
3. To re-elect John Allard as a Director of the Company.
4. To re-elect Neil Collins as a Director of the Company.
5. To elect Simon Hayes as a Director of the Company.
6. To re-elect David Hunt as a Director of the Company.
7. To re-elect Vanessa Renwick as a Director of the Company.
8. To receive and approve the Directors' Remuneration Report for the year ended 30 September 2015.
9. To re-appoint PricewaterhouseCoopers LLP as Auditors to the Company and to authorise the Audit Committee to determine their remuneration.

Special Business

To consider, and if thought fit, pass the following resolutions of which resolutions 11, 12, 13, 14 and 15 are proposed as special resolutions:

Authority to Allot Shares

10. THAT in substitution of all existing authorities the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to a maximum aggregate nominal amount of £3,151,155.25 being 10% of the issued share capital at 9 December 2015 and representing 12,604,621 shares of 25p each in the Company (or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed) provided that this authority share expire at the conclusion of the Annual General Meeting of the Company to be held in 2017 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

Further Information / Notice of the Annual General Meeting

Disapplication of Pre-emption Rights

11. THAT in substitution of all existing powers (but in addition to any power conferred on them by resolution 12 set out in the notice convening the Annual General Meeting at which this resolution is proposed ("Notice of Annual General Meeting")) the Directors be and are hereby generally empowered pursuant to Section 570 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred on them by resolution 10 set out in the Notice of Annual General Meeting or otherwise as if Section 561(1) of the Act did not apply to any such allotment:

    (a) pursuant to an offer of equity securities open for acceptance for a period fixed by the Directors where the equity securities respectively attributable to the interests of holders of shares of 25p each in the Company ("Shares") are proportionate (as nearly as may be) to the respective numbers of Shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary, appropriate or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and

    (b) provided that (otherwise than pursuant to sub-paragraph (a) above) this power shall be limited to the allotment of equity securities up to an aggregate nominal value of £3,151,155.25, being 10% of the issued share capital of the Company as at 9 December 2015 and representing 12,604,621 shares or, if changed, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is passed, and provided further that (i) the number of equity securities to which this power applies shall be reduced from time to time by the number of treasury shares which are sold pursuant to any power conferred on the Directors by resolution 12 set out in the Notice of Annual General Meeting and (ii) no allotment of equity securities shall be made under this power which would result in Shares being issued at a price which is less than the higher of the Company's estimated cum or ex income net asset value per Share as at the latest practicable time before such allotment of equity securities as determined by the Directors in their reasonable discretion,

    and such power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might otherwise require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.

Treasury Shares

12. THAT in substitution of all existing powers (but in addition to any power conferred on them by resolution 11 set out in the Notice of Annual General Meeting) the Directors be and are hereby generally empowered pursuant to Section 570 of the Act to sell relevant shares (within the meaning of Section 560 of the Act) if, immediately before the sale, such shares are held by the Company as treasury shares (as defined in Section 724 of the Act ("Treasury Shares")), for cash as if Section 561(1) of the Act did not apply to any such sale provided that:

    (a) where any Treasury Shares are sold pursuant to this power at a discount to the then prevailing net asset value of ordinary shares of 25p each in the Company ("Shares"), such discount must be (i) lower than the discount to the net asset value per Share at which the Company acquired the Shares which it then holds in treasury and (ii) not greater than 5% to the prevailing net asset value per Share at the latest practicable time before such sale (and for this purpose the Directors shall be entitled to determine in their reasonable discretion the discount to the net asset value at which such Shares were acquired by the Company and the net asset value per Share at the latest practicable time before such Shares are sold pursuant to this power); and

Further Information / Notice of the Annual General Meeting

(b) this power shall be limited to the sale of relevant shares having an aggregate nominal value of £3,151,155.25, being 10% of the issued share capital of the Company as at 9 December 2015 and representing 12,604,621 Shares or, if changed, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is passed, and provided further that the number of relevant shares to which power applies shall be reduced from time to time by the number of Shares which are allotted for cash as if Section 561(1) of the Act did not apply pursuant to the power conferred on the Directors by resolution 11 set out in the Notice of Annual General Meeting,

and such power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might otherwise require treasury shares to be sold after such expiry and the Directors may sell Treasury Shares pursuant to such offer or agreement as if the power conferred hereby had not expired.

Authority to Repurchase Shares

13. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make one or more market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 25 pence each in the capital of the Company ("Shares") (either for retention as Treasury Shares for future reissue, resale, transfer or cancellation) provided that:

(i) the maximum aggregate number of Shares authorised to be purchased is 18,894,327 or, if changed, the number representing 14.99% of the issued share capital of the Company at the date of the meeting at which this resolution is proposed;

(ii) the minimum price (exclusive of expenses) which may be paid for a Share is 25 pence;

(iii) the maximum price (exclusive of expenses) which may be paid for a Share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Share is purchased and (ii) the higher of the last independent trade in shares and the highest then current independent bid for shares on the London Stock Exchange as stipulated in Article 5(1) of Regulation No. 2233/2003 of the European Commission (Commission Regulation of 22 December 2003 implementing the Market Abuse Directive as regards exemption for buyback programmes and stabilisation of financial instruments);

(iv) this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2017 or, if earlier, on the expiry of 15 months from the date of the passing of this resolution unless such authority is renewed prior to such time; and

(v) the Company may make a contract to purchase Shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of Shares in pursuance of any such contract.

Adoption of New Articles of Association

14. THAT the Articles of Association set out in the document produced to the meeting and signed by the Chairman of the meeting for the purposes of identification be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company.

Full explanatory notes of principal changes to the Articles of Association are set out on page 83.

Further Information / Notice of the Annual General Meeting

General Meetings

15. THAT any General Meeting of the Company (other than the Annual General Meeting of the Company) shall be called by notice of at least 14 working days provided that the authority shall expire on the conclusion of the next Annual General Meeting of the Company, or, if earlier, on the expiry 15 months from the date of the passing of this resolution.

By order of the Board

Frostrow Capital LLP
Company Secretary
10 December 2015

Registered office:
50 Lothian Road
Festival Square
Edinburgh EH3 9WJ

Further Information / Notice of the Annual General Meeting

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.

2. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, a proxy may vote or abstain from voting at his/her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

3. To be valid any proxy form or other instrument appointing a proxy must be completed and signed and received by post or (during normal business hours only) by hand at Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF no later than 12 noon on Tuesday, 2 February 2016.

4. In the case of a member which is a company, the instrument appointing a proxy must be executed under its seal or signed on its behalf by a duly authorised officer or attorney or other person authorised to sign. Any power of attorney or other authority under which the instrument is signed (or a certified copy of it) must be included with the instrument.

5. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described below) will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so.

6. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

7. The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.

8. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered on the register of members of the Company (the "Register of Members") at 5.30 p.m. on Tuesday, 2 February 2016 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting) will be entitled to attend and vote or be represented at the meeting in respect of shares registered in their name at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend and vote at the meeting.

9. As at 9 December 2015 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 126,046,212 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 9 December 2015 are 126,046,212.

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK and Ireland Limited ("CRESTCo"), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) no later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

12. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Further Information / Notice of the Annual General Meeting

13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

14. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Register of Members in respect of the joint holding (the first named being the most senior).

15. Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

16. Members who have appointed a proxy using the hard-copy proxy form and who wish to change the instructions using another hard-copy form, should contact Capita Asset Services on 0871 664 0300 (Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales).

17. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

18. In order to revoke a proxy instruction, members will need to inform the Company. Members should send a signed hard copy notice clearly stating their intention to revoke a proxy appointment to Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF.

19. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of attorney) must be included with the revocation notice. If a member attempts to revoke its proxy appointment but the revocation is received after the time for receipt of proxy appointments (see above) then, subject to paragraph 4, the proxy appointment will remain valid.

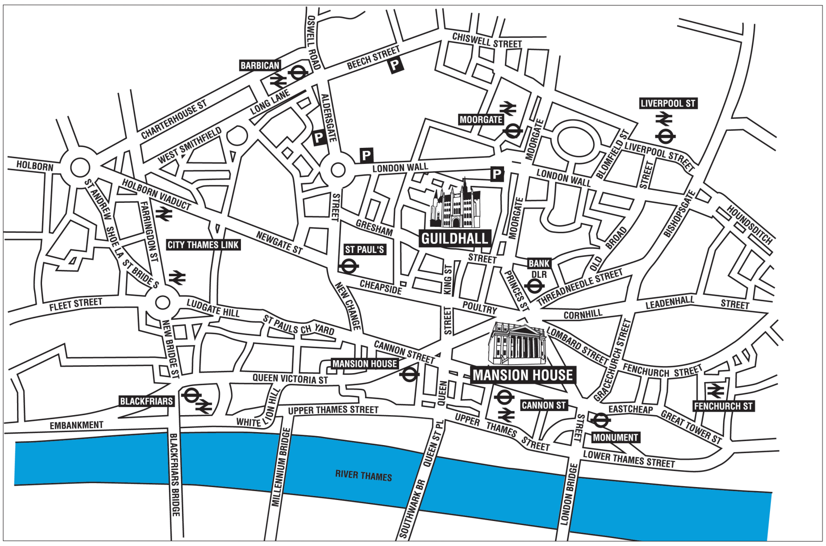
Further Information / Location of the Company's Annual General Meeting

Guildhall, City of London EC2P 2EJ, **Basinghall Street Entrance**
on Thursday, 4 February, 2016 at 12 noon

How to get to Guildhall

Mailing address: City of London • PO Box 270 • Guildhall • London EC2P 2EJ
For deliveries and to find us: City of London • Guildhall • London EC2V 7HH
Tel: 020 7606 3030 • www.cityoflondon.gov.uk

CITY OF LONDON



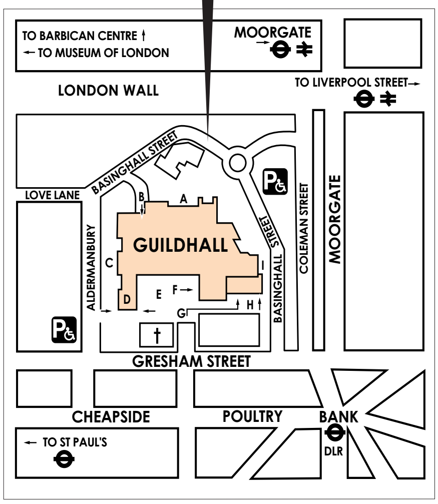
Key

- **A** North Wing entrance
- **B** Vehicular goods delivery entrance
- **C** Entrance to Guildhall Library and City Business Library
- **D** West Wing entrance
- **E** Guildhall Yard
- **F** Guildhall Art Gallery
- **G** 1 Guildhall Buildings/Guildhall Yard East - City of London Police Headquarters
- **H** The City Centre
- **I** 71 Basinghall Street entrance (for functions only, opposite Mason's Avenue)

Entrances A, C, E, F and G are level. Wheelchair accessible WC facilities are available and all public areas except the Crypt have inductions loops.

Designated parking spaces are located in Aldermanbury, Basinghall, Gresham and Coleman Streets (locate these on our interactive map using Driving and Cycling tab). Maximum stay four hours Monday to Friday. There is no time limit on Saturday and Sunday. Other concessions apply, for more information please visit our parking pages.

Bassishaw Highwalk is closed until further notice for building redevelopment.



BUS Nearest Routes

Bank	11	23	26	388	
Moorgate	21	43	76	133	141
Cheapside	8	25	242		
London Wall	100				

UNDERGROUND Nearest underground stations

Moorgate	Hammersmith and City, Metropolitan, Circle, and Northern
Bank	Northern, Central, Waterloo and City, and DLR
Mansion House	District, Circle
St Paul's	Central

RAIL Nearest rail stations

Liverpool Street	Cannon Street
Fenchurch Street	Moorgate
Blackfriars	City Thameslink

PARKING Public car parks are available at

London Wall	24 hours
Barbican	8am - midnight
Aldersgate	24 hours

Further Information / Explanatory Notes to the Resolutions

Resolution 1 – To receive the Annual Report and Financial Statements

The annual report and Financial Statements for the year ended 30 September 2015 will be presented to the AGM. These Financial Statements accompanied this Notice of Meeting and shareholders will be given an opportunity at the meeting to ask questions.

Resolutions 2 to 7 – Re-election of Directors

Resolutions 2 to 7 deal with the re-election of each Director. Biographies of each of the Directors can be found on page 24.

The Board has confirmed, following a performance review, that the Directors standing for election and re-election continue to perform effectively. Further details are set out on page 34.

Resolution 8 – Remuneration Report

The Directors' Remuneration Report is set out in full in the Annual Report on pages 39 to 41.

Resolution 9 – Re-appointment of auditors

Resolution 9 relates to the re-appointment of PricewaterhouseCoopers LLP as the Company's independent auditors to hold office until the next Annual General Meeting of the Company and also authorises the Directors to set their remuneration. Following the implementation of the Competition and Markets Authority order on Statutory Audit Services, which is effective for the Company from 1 January 2015, only the Audit Committee may negotiate and agree the terms of the auditors' service agreement.

Resolutions 10 to 12

Ordinary Resolution 10 in the Notice of Annual General Meeting will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £3,151,155.25 (equivalent to 12,604,621 shares, or 10% of the Company's existing issued share capital on 9 December 2015, being the nearest practicable date prior to the signing of this Report). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of the passing of the resolution, whichever is earlier. This means that the authority will have to be renewed at the next Annual General Meeting.

When shares are to be allotted for cash, Section 551 of the Companies Act 2006 (the "Act") provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special Resolution 11 will, if passed, give the Directors power to allot for cash equity securities up to 10% of the Company's existing share capital on 9 December 2015 (reduced by any treasury shares sold by the Company pursuant to Resolution 12, as described below), as if Section 551 of the Act does not apply. This is the same nominal amount of share capital which the Directors are seeking the authority to allot pursuant to Resolution 10. This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

Under Section 724 of the Companies Act 2006 ("s724") the Company is permitted to buy back and hold shares in treasury and then sell them at a later date for cash, rather than cancelling them. It is a requirement of s724 that such sale be on a pre-emptive, pro rata, basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued share capital on a non pre-emptive basis pursuant to Resolution 11, Special Resolution 12, if passed, will give the Directors authority to sell shares held in treasury on a non pre-emptive basis. The benefit of the ability to hold treasury shares is that such shares may be resold. This should give the Company greater flexibility in managing its share capital, and improve liquidity in its shares. Any re-sale of treasury shares would only take place at a narrower discount to the ex-income net asset value per share than that at which they had been bought into treasury, and in any event at a discount no greater than 5% to the prevailing ex-income net asset value per share, and this is reflected in the text of Resolution 12. It is also the intention of the Board that sales from treasury would only take place when the Board believes that to do so would assist in the provision of liquidity to the market. The number of treasury shares which may be sold pursuant to this authority is limited to 10% of the Company's existing share capital on 9 December 2015 (reduced by any equity securities allotted for cash on a non-pro rata basis pursuant to Resolution 11, as described above). This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier.

Further Information / Explanatory Notes to the Resolutions

The Directors intend to use the authority given by Resolutions 10, 11 and 12 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Resolution 13

The Directors wish to renew the authority given by shareholders at the previous Annual General Meeting. The principal aim of a share buy-back facility is to enhance shareholder value by acquiring shares at a discount to net asset value, as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to net asset value per share, should result in an increase in the net asset value per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the net asset value per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the Annual General Meeting.

Under the current Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 25p per share. Shares which are purchased under this authority will either be cancelled or held as treasury shares.

Special Resolution 13 in the Notice of Annual General Meeting will renew the authority to purchase in the market a maximum of 14.99% of shares in issue on 9 December 2015, being the nearest practicable date prior to the signing of this Report, (amounting to 18,894,327 shares). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the resolution, whichever is earlier. This means in effect that the authority will have to be renewed at the next Annual General Meeting or earlier if the authority has been exhausted.

Resolution 14 – Amendment to Articles of Association

It is proposed to make certain changes to the Company's Articles of Association in order to cause the Company's shareholders to be obliged to co-operate with the Company in order to ensure that the Company is able to comply with its obligations under the Foreign Account Tax Compliance Act or FATCA and also to the regimes that are being brought in by the European Union and under the auspices of the Organisation for Economic Co-operation and Development. Full explanatory notes of Principal Changes to the Articles of Association are set out on page 83.

Resolution 15

Special Resolution 15 seeks shareholder approval for the Company to hold General Meetings (other than the Annual General Meeting) at 14 working days' notice.

Recommendation

The Board considers that the resolutions relating to the above items of special business, are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to the shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming Annual General Meeting as the Directors intend to do in respect of their own beneficial holdings totalling 354,384 shares.

Further Information / Explanatory Notes of Principal Changes to the Company's Articles of Association

Set out below is a summary of the main differences between the current and the proposed new Articles of Association (the "Articles"). The principal changes in the new Articles to be adopted at the Annual General Meeting to be held on 4 February 2016 relate to:

FATCA

The Hiring Incentives to Restore Employment Act 2010 of the United States of America commonly known as the Foreign Account Tax Compliance Act and all associated regulations and official guidance ("FATCA") imposes a system of information reporting on certain entities including foreign financial institutions such as the Company following the enactment of the UK International Tax Compliance (United States of America) Regulations 2013 on 1 September 2013. These regulations have now been replaced by the International Tax Compliance Regulations 2015 which also include the automatic exchange of information regimes being brought in under the auspices of the Organisation for Economic Co-operation and Development and the European Union. The Articles of Association have therefore been amended in order to provide the Company with the ability to require shareholders to co-operate in respect of these broader obligations and not just with its obligations under FATCA as is currently the case.

Small Business, Enterprise and Employment Act 2015

As part of the Government's Trust and Transparency reforms, the Small Business, Enterprise and Employment Act 2015 (the "SBEEA") provided that companies were no longer able to create bearer shares with effect from 26 May 2015. The Companies Act 2006 was also amended to prohibit the creation of bearer shares. Although the Company has not issued any Share warrants to bearers, the proposed changes to the Company's articles of association remove any inconsistencies with the SBEEA and the Companies Act 2006 in this regard.

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

Company Registration Number
13958 (Registered in Scotland)

The Company is an investment company as defined under Section 833 of the Companies Act 2006.

AIFM, 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
Cayzer House,
30 Buckingham Gate,
London SW1E 6NN
Telephone: 0207 802 4700
Website: www.lindselltrain.com
Authorised and regulated by the Financial Conduct Authority.

Independent Auditors
PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

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

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

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
Website: 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.

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 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.

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

Further Information / Disability Act

Disability Act

Copies of this annual report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Capita Asset Services, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, for this service please call 0800 731 1888. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by The Royal National Institute for Deaf People) you should dial 18001 from your textphone followed by the number you wish to dial.

Perivan Financial Print 237135

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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
- Money Week, Investment Trust of the Year 2011, UK Growth & Income Category
- Investment Adviser, 2013, UK Equity Income Fund of the Year
- Investors Chronicle, 2013, Best UK Equity Income Fund
- FE Trustnet FE Alpha Manager Rating 2014 (Mr Nick Train)

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