Finsbury Growth & Income Trust PLC

Portfolio Manager

Nick Train

LINDSELL TRAIN

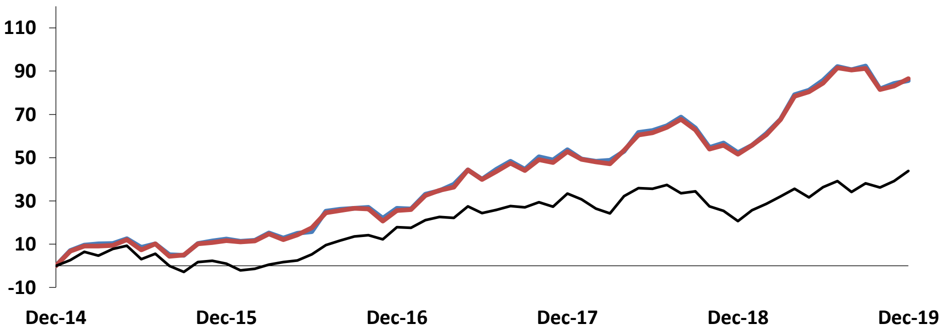
Fund Information as at 31 December 2019 www.finsburygt.com @FinsburyGT

Investment Objective and Benchmark Index

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

Five Years Performance (%)

Past performance is not a guide to future performance. The value of investments and the income from them may fall as well as arise and is not guaranteed; An investor may receive back less than the original amount invested.



Net Asset Value per share (total return) +86.6%

Share Price (total return) +85.6%

Benchmark: FTSE All-Share Index (net dividends reinvested) +43.8%

Source: Morningstar

Commentary

In December, the NAV was up 1.9% on a total return basis and the share price was up 0.7%, on a total return basis, while the index was up 3.3%.

Your Company ended the year with a respectable outperformance of its benchmark, and we were delighted to deliver a total return of well over 20%. Delighted given how much worry the year 2019 gave investors. It is an important lesson for us all that despite trade wars, Brexit and political uncertainty the UK stock market and indeed many global stock markets did very well. Gloomy headlines are often the worst indicators for future stock market returns.

Looking back over the twelve months it's instructive to note what drove our outperformance. Lindsell Train has a reputation for investing in so-called "defensive" companies, in particular our consumer brand owners and it is true these remain core to the strategy. But we also have major, long-term holdings in companies that others see as not necessarily "defensive" at all. These are still business with brands or franchises of great durability and value, but where profits are more volatile than for, say, a soap manufacturer. And it was these holdings, by and large, that produced the best returns for your Company in 2019.

So – we had six big positions that went up by 28% or more in 2019. They were led by the London Stock Exchange which rose over 90%. The others were Daily Mail, up nearly 50%, Schroders, 42%, Mondelez 35%, Burberry 30% and Sage 28%. Of course, you might expect the LSE and Schroders to do well when stock markets do well, but an abortive bid for the LSE (from the Hong Kong Exchange) certainly helped. We also think investors gave credit to Schroders for investing into its private wealth business in 2019 and hope the benefits of this investment become even more apparent over the next few years. Elsewhere and alphabetically, Burberry was boosted by the success of its fashion reboot – moving its brand even more upmarket. LVMH's bid for Tiffany late in the year was a reminder of how rare and exceptionally valuable global luxury brands are. It still strikes us that Burberry offers enormous upside in profits and share price as its strategy develops. Daily Mail is in the process of rationalising its portfolio of digital media assets. That rationalisation had the effect of releasing cash value for investors (there was a share buyback), but also revealing how much future value could still be realised. In particular, the £120 million of revenues now delivered by MailOnline is demanding investors consider what the Daily Mail franchise might be worth - into the third decade of the 21st century. Mondelez did well, as its steady business performance surprised the pessimists, who feared it would suffer similar problems to those being visited on mainstream US packaged foods companies. But those problems don't appear to have hurt Mondelez' iconic confectionary (Cadbury) and biscuit (Oreo) brands. If you expect the world to keep its sweet tooth – and we certainly do – don't bet against one of the world's biggest chocolate and snacking companies. Finally, Sage reached an important milestone of £1bn annual recurring revenues, as it persuades its customers to sign up to subscription software services. These reliable cash flows and Sage's high profit margins allow the company to invest in improved services and we hope that this will drive more growth.

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Biography

Nick Train began his career as an Investment Manager at GT Management in 1981, having graduated from Queen's College, Oxford with a second class honors in Modern History (1977-1980). He left GT in June 1998, after 17 years, on its acquisition by INVESCO. At his resignation he was a Director of GT Management (London), Investment Director of GT Unit Managers and Chief Investment Officer for Pan-Europe. He joined M&G in September 1998, as a Director of M&G Investment Management. In June 1999 he was appointed as Head of Global Equities at M&G. He left M&G in April 2000 to co-found Lindsell Train Limited. He is investment adviser to the Worshipful Company of Saddlers.

Portfolio Manager Profile

Portfolio management services are provided by Lindsell Train Limited (Lindsell Train). Lindsell Train was formed in December 2000. However the principals, Michael Lindsell and Nick Train had worked together at GT Management from 1992 through to GT's takeover by INVESCO in 1998. Both Michael Lindsell and Nick Train went on to fulfill senior roles at INVESCO and M&G PLC respectively, where they continued to develop an in depth knowledge of investment processes and the world's stock markets. Their shared investment philosophy is to invest in durable, cash generative businesses that are under-priced on their valuation analysis. They believe such businesses are rare and are under-valued by most other investors most of the time. They apply this approach by choosing a concentrated portfolio of approximately 30 stocks with the intention of holding them for the medium to long term. Lindsell Train is authorised and regulated by the Financial Conduct Authority.

Investment Policy

The Company has a concentrated portfolio of up to 30 stocks with a low turnover, and aims to provide shareholders with a total return in excess of that of the FTSE All-Share Index. The Portfolio Manager uses a bottom-up stock picking approach and looks to invest in a universe of excellent listed companies that appear mostly undervalued. Up to 20% of the portfolio, at the time of acquisition, can be invested in quoted companies outside the UK. The Company's policy is to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts).

Discount/ Premium Control Mechanism

The Directors have adopted an active discount management policy to establish and support an improved rating in the Company's shares through the use of share buybacks, with a view to limiting the discount to NAV per share at which the shares trade to no more than 5%. Shares bought back may be held in treasury for reissue at later dates at no more than the discount at which they were purchased, and in any event at a discount no greater than 5% to the prevailing net asset value per share. In order to stop the share price trading at a significant premium to the NAV per share, the Company has the ability to issue new shares at a 0.7% premium to the higher of the cum or ex income NAV per share.

Finsbury Growth & Income Trust PLC conducts its affairs so that its shares can be recommended by independent financial advisers ("IFAs") to retail private investors. The shares are excluded from the Financial Conduct Authority's ("FCA's") restrictions which apply to non-mainstream investment products because they are shares in a UK-listed investment trust.

Ten Largest Holdings as at 31 December 2019 (% of total investments)

Name	Sector	Total
London Stock Exchange	Financials	11.1
RELX	Consumer Services	10.0
Diageo	Consumer Goods	9.8
Unilever	Consumer Goods	9.2
Burberry Group	Consumer Goods	8.5
Mondelez Int.	Consumer Goods	8.3
Schroders	Financials	8.1
Hargreaves Lansdown	Financials	7.3
Sage Group	Technology	6.4
Heineken	Consumer Goods	5.0
Total		**83.7**

Sector Breakdown as at 31 December 2019 (%)

Consumer Goods	45.7
Financials	28.8
Consumer Services	19.0
Technology	6.5
Total	**100.0**

Discrete Performance – Calendar Years (%)

Percentage Growth	2015	2016	2017	2018	2019
NAV	11.6	12.5	21.7	-0.8	23.1
Share Price	12.4	12.6	21.5	-0.9	21.8
Benchmark	1.0	16.8	13.1	-9.5	19.2

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Dec 14-Dec 15	Dec 15-Dec 16	Dec 16-Dec 17	Dec 17-Dec 18	Dec 18-Dec 19
NAV	11.6	12.5	21.7	-0.8	23.1
Share Price	12.4	12.6	21.5	-0.9	21.8
Index	1.0	16.8	13.1	-9.5	19.2

Source: Morningstar.
* Index source: FTSE International Limited ("FTSE") © FTSE 2020
Past performance is not a guide to future performance. The value of investments and the income from them may fall as well as rise and is not guaranteed; an investor may receive back less than the original amount invested.

Risk Warnings

This document is for information purposes only and does not constitute an offer or invitation to purchase shares in the Company and has not been prepared in connection with any such offer or invitation. Before investing in the Company, or any other investment product, you should satisfy yourself as to its suitability and the risks involved, and you may wish to consult a financial adviser.

Any return you receive depends on future market performance and is uncertain. The Company does not seek any protection from future market performance so you could lose some or all of your investment. Shares of the Company are bought and sold on the London Stock Exchange (LSE). The price you pay or receive, like other listed shares, is determined by supply and demand and may be at a discount or premium to the underlying net asset value of the Company. Usually, at any given time, the price you pay for a share will be higher than the price you could sell it. For further information on the principal risks the Company is exposed to please refer to the Company's Annual Report or Investor Disclosure Document available at www.finsburygt.com.

The Company can borrow to purchase investments, this could potentially magnify any losses or gains made by the Company.

Important Information

Finsbury Growth & Income Trust PLC is a public limited company whose shares are premium listed on the LSE and is registered with HMRC as an investment trust.

The Company has an indeterminate life.

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

Fast Facts

As at 31 December 2019

Launch Date	1926
AIC Sector	UK Equity Income
Date of Appointment of Lindsell Train	December 2000
Annual Management Fee (payable by the company) †	
Ongoing charges*	0.7%
Year / interim end	30 September/ 31 March
Capital Structure	207,871,712 Ordinary shares of 25p

Trust Characteristics

Number of Holdings	23
Net Assets (£m)	£1,879.3m
Market Capitalisation (£m)	£1,870.8m
Dividend Per Share**	16.6p
Current Net Yield	1.8%
Gearing	0.6%
Leverage***	Gross 100.6% Commitment 101.9%
Share Price (p)	900.00
NAV (p) (cum income)	904.06
(Discount) / Premium to NAV (p)	(0.5%)

Codes

Sedol	0781606
ISIN	GB0007816068
Legal Entity Identifier (LEI)	213800NN4ZKX2LG1GQ40
Global Intermediary Identification Number (GIIN)	QH4BH0.99999.SL.826
Bloomberg	FGT LN
EPIC	FGT

**Calculated at the financial year end, includes management fees and all other operating expenses.*
***2nd Interim payable 8 Nov 19 :(Year ended Sep 19) 8.6p*
1st Interim payable 16 May 19 :(Year ended Sep 19) 8.0p
****The Board has set the leverage limit for both the Gross and the Commitment basis at 125% of the Company's Net Asset Value.*
†Lindsell Train – 0.45% pa of the Company's adjusted market capitalisation up to a value of £1 billion, such fee reducing to 0.405% pa of the Company's adjusted market capitalisation in excess of £1 billion up to a value of £2 billion, such fee reducing to 0.36% pa of the Company's adjusted market capitalisation in excess of £2 billion.
Frostrow – 0.15% pa of the Company's adjusted market capitalisation up to a value of £1 billion, such fee reducing to 0.135% pa of the Company's adjusted market capitalisation in excess of £1 billion up to a value of £2 billion, such fee reducing to 0.12% pa of the Company's adjusted market capitalisation in excess of £2 billion.

How to Contact Us

Frostrow Capital LLP
25 Southampton Buildings
London, WC2A 1AL
Tel.: 0203 008 4910
Fax: 0203 043 8889
Website: www.frostrow.com

Email: info@frostrow.com

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Turning to what didn't work in 2019, there were two shockers – AG Barr, down 25% and Pearson off 30%. Barr's problems are temporary, we expect, and the share price fall was in part a reaction to several years of wonderful gains. As to Pearson, 2020 is an important year for the company, when investors should really be able to judge whether the multi-year investments it has made into digitising its Intellectual Property will ever pay off (and hence an important year for us as possibly overly patient investors in it).

Otherwise, a number of our holdings went up, but not as much as the FTSE All Share. For instance, our holding in Remy Cointreau disappointed us a bit by only gaining 6%. Sales of its Cognac were affected by the troubles in Hong Kong, but Remy remains – in our eyes – one of the best ways to participate in the steady enrichment of the world, particularly Asia. Similarly, Hargreaves Lansdown ended the year up 7%. If you think that UK economic and stock market performance could improve in 2020 – after the removal of political uncertainty – then it is possible HL will be a beneficiary of increased stock market volumes and savings flows. The same is true for Rathbones, another share that made little or no progress in 2019.

Going back to my earlier comments about "defensive" holdings we hold, it is notable that three of our big consumer branded goods companies did lag the index – Diageo, Heineken and Unilever. We understand why these shares were dull as 2019 progressed. They have done well in recent years and now other long-depressed industry groups that compete for UK investors' capital look due a bounce. We must emphasise, though, that Diageo, Heineken and Unilever all improved their business performance last year and all are formidably strong companies, in terms of brands and geographic positioning. We see it as critical to the long-term success of your Company that we maintain the weightings in these exceptional companies.

I conclude with two observations. First, at $5.5 trillion 2019 turned out to be the second biggest year for global Merger & Acquisition activity in financial history (slightly behind 2015). Again, in a year marked by so much macro-economic angst, it was encouraging to see corporations around the world looking to get deals done in order to take advantage of the obvious opportunities for profitable growth offered by technology change and the continuing opening up of Emerging Markets. We expect 2020 will be another big year for corporate activity and that this will be supportive for stock markets.

Then just a single statistic from a Matt Ridley article reminding us of the ways that the world steadily gets to be a better place and companies get more profitable. He noted that in 1959 – the year I was born, which is why the stat caught my eye – to manufacture a drink can required 85 grams of aluminium. Today it is 13 grams. As we get cleverer and more productive there is more wealth to go around. The long-term correlation of this trajectory to rising stock markets is clear and as good a reason as any to be optimistic about 2020 and beyond.

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