

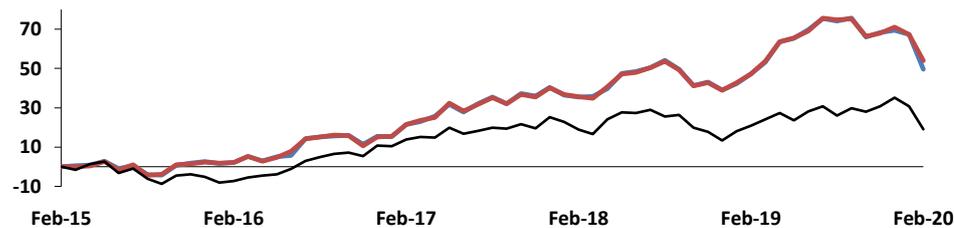


## Investment Objective and Benchmark Index

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) +54.0%

Share Price (total return) +49.7%

Benchmark: FTSE All-Share Index (net dividends reinvested) +19.1%

Source: Morningstar

## Commentary

In February, the NAV was down 8.0% on a total return basis and the share price was down 10.6%, on a total return basis, while the index was down 8.9%.

We won't pretend to have anything of value to say about the virus – except to hope you all keep well. Warren Buffett says somewhere that often the best new investment idea is to buy more of what you already own. This is all about him wanting to avoid the vitiating effects of excess diversification and ensuring he maximises the value in long term winners. As shareholders will acknowledge we have followed Buffett's advice – maintaining a concentrated portfolio and running our winners (and occasional losers) for years. However, we do start new holdings when it seems to us that we have been presented with an exceptional opportunity to access the shares of an exceptional company. And, indeed, we have begun to accumulate shares in two situations over the last few months. PZ Cussons and more recently Fever-Tree.

I will say a bit about each, but first remind you of something written by Peter Lynch of Fidelity. This is that you never really know whether you made a good investment until at least two or three years after purchase. And to that point we have absolutely not started these holdings because we expect the shares to go up in the short term. Indeed we hope they don't, because we are far from having completed the position sizes. What is more and in truth, we can think of plenty of reasons why their shares are as likely to fall in the short term as go up. It's more that PZ Cussons and Fever-Tree have brands or market positions that we are keen for fund holders to become partial owners of. On the grounds that if you are a partial owner of something exceptional or valuable then you give yourself the chance of good things happening to your portfolio, although you can never be sure exactly when.

Both companies are classic Lindsell Train-type holdings, almost to the point of cliché. PZ is a venerable business, with a significant family shareholder, which owns a number of long-established and trusted consumer personal care brands. It also has several important positions in Emerging Markets, in which it has traded for many decades. We'd highlight its Carex brand as the #1 UK anti-bacterial hand wash and its #1 position in baby care in Indonesia. As a kind of mini-Unilever, PZ is exactly the sort of business we're attracted to. Meanwhile, Mrs Train wouldn't dream of mixing her Tanqueray with anything other than Fever-Tree. We have many investments in beverage companies, from all round the world and of all types. We note the great and enduring fortunes that have been built by the owners of successful beverage brands and are keen to share in the durability and cash generation of such brands for our clients. Fever-Tree is another and a brand that definitely increases the premium/luxury proportion of the Fund (something we regard as imperative for future investment success).

In addition, both companies have suffered weak share prices in recent years. Even before the recent sell-off PZ had drifted down over 60% from its peak of 2013 and Fever-Tree had fallen a similar amount, even more precipitously. It is important to convey that there are good reasons for these falls. Both companies have problems/issues and these are unlikely to be resolved in short order. For PZ it is its formerly biggest market of Nigeria, where profits have collapsed as that economy's problems have got worse and worse. Emerging Markets do sometimes display boom to bust characteristics and Nigeria's current bust is abysmal. For Fever-Tree, as is well known, its home market has slowed and is possibly showing signs of maturity. Meanwhile, the promise of its US and European initiatives is tantalising, but uncertain. But the future is always uncertain. Or that part of the future that moves share prices is always uncertain. All we can do, we think, is ask ourselves whether the brands are good, the companies sound and whether the falls in the share prices might have created an opportunity. On these occasions the answer was – yes. But it is also no accident that both holdings are still below 1% of NAV. We're going at them very gradually.

## 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 NAV 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 29 February 2020 (% of total investments)

Name	Sector	Total
London Stock Exchange	Financials	12.0
RELX	Consumer Services	10.8
Unilever	Consumer Goods	9.7
Diageo	Consumer Goods	9.4
Mondelez Int.	Consumer Goods	9.1
Schroders	Financials	7.7
Burberry Group	Consumer Goods	7.1
Sage Group	Technology	6.4
Hargreaves Lansdown	Financials	6.4
Heineken	Consumer Goods	5.2
<b>Total</b>		<b>83.8</b>

## Sector Breakdown as at 29 February 2020 (%)

Consumer Goods	45.8
Financials	28.1
Consumer Services	19.6
Technology	6.5
<b>Total</b>	<b>100.0</b>

## Discrete Performance – Calendar Years (%)

Percentage Growth	2015	2016	2017	2018	2019	YTD
NAV	11.6	12.5	21.7	-0.8	23.1	-10.0
Share Price	12.4	12.6	21.5	-0.9	21.8	-11.7
Benchmark	1.0	16.8	13.1	-9.5	19.2	-11.9

## Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Feb 15- Feb 16	Feb 16- Feb 17	Feb 17- Feb 18	Feb 18- Feb 19	Feb 19- Feb 20
NAV	2.2	18.9	11.7	8.5	4.6
Share Price	2.1	19.0	11.5	8.7	1.7
Index	-7.3	22.8	4.4	1.7	-1.4

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 per share 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](http://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").

\*\*\*FTSE® is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and / or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

## Fast Facts

As at 29 February 2020

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	208,307,715 Ordinary shares of 25p
<b>Number of Holdings</b>	<b>24</b>
<b>Net Assets (£m)</b>	<b>£1,695.2m</b>
<b>Market Capitalisation (£m)</b>	<b>£1,656.0m</b>
<b>Dividend Per Share**</b>	<b>16.6p</b>
<b>Current Net Yield</b>	<b>2.1%</b>
<b>Gearing</b>	<b>1.2%</b>
<b>Leverage***</b>	<b>Gross 101.2% Commitment 101.9%</b>
<b>Share Price (p)</b>	<b>795.00</b>
<b>NAV (p) (cum income)</b>	<b>813.77</b>
<b>(Discount) / Premium to NAV (p)</b>	<b>(2.3%)</b>

## 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](http://www.frostrow.com)

Email: [info@frostrow.com](mailto:info@frostrow.com)

