Frostrow CAPITAL

Finsbury Growth & Income Trust PLC

Portfolio Manager

Nick Train

LINDSELL TRAIN

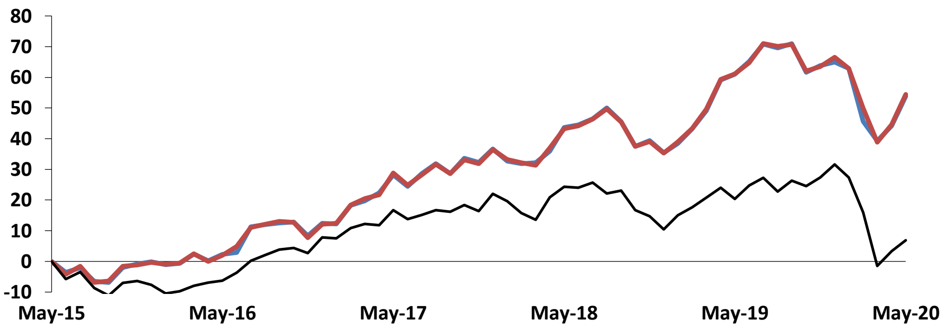
Fund Information as at 31 May 2020 www.finsburygt.com @FinsburyGT

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) +54.4%

Share Price (total return) +53.8%

Benchmark: FTSE All-Share Index (net dividends reinvested) +6.9%

Source: Morningstar

Commentary

In May, the NAV was up 6.8% on a total return basis and the share price was up 6.7%, on a total return basis, while the index was up 3.4%.

There are still no instances of Lindsell Train investee companies raising new equity capital during the crisis. This is in part a testament to the historic conservatism or cash generative qualities of the companies we choose to invest in. It may also just be good fortune, of course, and we get hit with a wave of cash calls over the summer months. They are all the rage in the UK. Nonetheless, we hope our companies can avoid doing so. We have now had virtual meetings with most of our portfolio holdings and have conveyed to them this message – that dividend holidays are one thing and can be temporary, but far more serious is to issue permanent capital at depressed share levels. The dilution is a significant drag on eventual earnings recovery and should not be contemplated lightly.

There were four dividend announcements by portfolio companies in May. Daily Mail & General Trust, Mondelez and Sage all increased theirs year-on-year (each a significant statement of corporate confidence in current circumstances), but Burberry has passed its final dividend. Burberry's is the most significant dividend hit yet for your portfolio. Nonetheless, we regard the decision as prudent, given the uncertainties. Yes, Burberry has £600m of its own cash on its balance sheet, but paying out £120m of that - the cost of the dividend – might be unwise. Indeed it is heartening to see the rationality of UK investors in response. Burberry's shares are now (the end of the first week of June) up 25% from the day before the dividend cut. Probably the £120m of cash retained within the company can be used to enhance Burberry's exposure to Asia-driven recovery and to further improve its digital marketing capabilities – ultimately making the company more valuable than before the crisis hit. We hope so.

James Anderson points out in his annual report for Scottish Mortgage Investment Trust – mandatory reading for all investors – that Amazon and Apple combined are worth more than the entire UK stock market. Just two companies! As a career-long investor in the UK I scratch my head and wonder how this could have happened. But I reflect on that rally in Burberry shares after its dividend cut. Perhaps part of the answer is investors have encouraged UK companies to be overly generous with their dividend policies and not reinvest enough of their earnings for growth? What is certain is that UK companies are now being presented with an opportunity to have a big think and get that balance more right.

To understand the urgency of those deliberations on dividend pay-out ratios consider the two questions we have asked our companies. First, can you reassure us that you will survive the effects of the lockdown? And, next, what measures are you taking to ensure that you emerge from it stronger and with enhanced prospects? It has been really encouraging to hear the answers to that second question. Of course the lockdown has acted as an accelerant for the adoption of digital products and services by companies and consumers alike. Nearly twenty years ago the late, great Andy Grove of Intel said "In the future every company will be an internet company." The truth of that prediction is becoming more and more apparent. And many of our companies are telling us they can harness its power and as a result likely grow faster with higher profitability in years to come. The AI enhancements DMGT is adding to its catastrophe risk modelling business, Mondelez shifting its advertising increasingly to e-commerce sites and Sage introducing an app to help its small company customers apply for government support are the sort of marginal growth and productivity initiatives that gave confidence to the boards of those companies to increase their dividends in May. Be optimistic. Underneath many businesses are improving.

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. The Company's investment policy is to invest principally in the securities of companies either listed in the UK or otherwise incorporated, domiciled or having significant business operations within the UK, whilst up to a maximum of 20% of the Company's portfolio, at the time of acquisition, can be invested in companies not meeting this criteria. 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 31 May 2020 (% of total investments)

Name	Sector	Total
London Stock Exchange	Financials	12.0
RELX	Consumer Services	10.3
Unilever	Consumer Goods	10.0
Diageo	Consumer Goods	9.9
Mondelez Int.	Consumer Goods	9.0
Schroders	Financials	7.6
Hargreaves Lansdown	Financials	7.6
Burberry Group	Consumer Goods	6.4
Sage Group	Technology	6.3
Heineken	Consumer Goods	5.1
Total		**84.2**

Sector Breakdown as at 31 May 2020 (%)

Consumer Goods	47.1
Financials	29.2
Consumer Services	17.4
Technology	6.3
Total	**100.0**

Discrete Performance – Calendar Years (%)

Percentage Growth	2015	2016	2017	2018	2019	YTD
NAV	11.6	12.5	21.7	-0.8	23.1	-7.3
Share Price	12.4	12.6	21.5	-0.9	21.8	-6.7
Benchmark	1.0	16.8	13.1	-9.5	19.2	-18.8

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	May 15-May 16	May 16-May 17	May 17-May 18	May 18-May 19	May 19-May 20
NAV	2.0	26.4	11.2	12.5	-4.2
Share Price	2.3	25.4	12.0	12.1	-4.5
Index	-6.3	24.5	6.5	-3.2	-11.2

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 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.

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 May 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	215,856,303 Ordinary shares of 25p

Trust Characteristics

Number of Holdings	24
Net Assets (£m)	£1,788.9m
Market Capitalisation (£m)	£1,791.6m
Dividend Per Share**	16.6p
Current Net Yield	2.0%
Gearing	1.1%
Leverage***	Gross 101.1% Commitment 101.9%
Share Price (p)	830.00
NAV (p) (cum income)	828.75
Premium / (Discount) to NAV (p)	0.2%

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 15 May 20 :(Year ended Sep 20) 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

Frostrow CAPITAL