

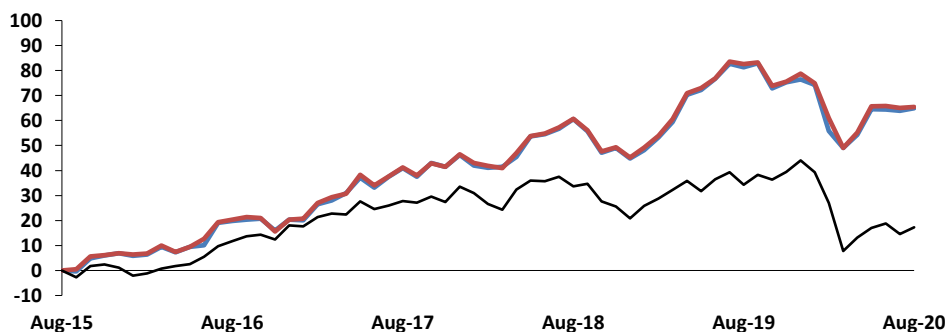


## Investment Objective and Benchmark Index

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) +65.6%

Share Price (total return) +65.0%

Benchmark: FTSE All-Share Index (net dividends reinvested) +17.3%

Source: Morningstar

## Commentary

In August, the NAV was up 0.4% on a total return basis and the share price was up 0.6%, on a total return basis, while the index was up 2.4%.

As 2020 progresses market participants are in danger of losing the plot – I know I am. Too much time staring at screens, too much misinformation, too much volatility. And for professional investors almost certainly not enough time spent having a reflective, sobering cup of coffee with a respected colleague. I wasn't designed to work as a sole trader.

I need to stop and think. And whenever I do that I always turn to what the companies we invest in are actually doing. In particular those companies that take a long term perspective when investing in their own business. Here are a number of such decisions recently made by portfolio companies.

Diageo announced the purchase of a craft gin in the USA – Aviation American Gin. This brand part-owned and endorsed by celebrity Ryan Reynolds. No I hadn't heard of him, but that is almost certainly the point. Basically we're pleased to see that some companies are robust enough to be doing deals in the current environment. It is a reassuring sign that boards aren't just in fire-fighting mode and that balance sheets and liquidity are in good enough shape to make investments for the future. And although Diageo is far from betting the farm on Aviation it is not a trivial deal. Total consideration could be up to \$610m, with an initial tranche of \$335m. It is also ostensibly an expensive one. Aviation has been in exponential growth and Diageo is paying 20x sales for the right to try and take the brand to another level. As others have remarked, the deal is reminiscent of its acquisition of George Clooney-sponsored Casamigos in 2017. A transaction that raised eyebrows at the time, including ours – because of the headline cost. But a deal that looks smarter and smarter as the US spirits boom continues, with premium brands leading the way. Diageo has the balance sheet, the distribution and the expertise to make these deals work and we were cheered to see the announcement.

RELX too bought a business in August. The company was SciBite, a Cambridge-based privately held company that creates software for the pharmaceutical industry, helping it analyse data to create efficiencies in drug discovery. Terms were not disclosed, but rumoured to be c£65m. Clients include AstraZeneca, GSK and Novartis. Again, this is not a transformative deal for RELX, but a classic one nonetheless, adding to its capabilities in science and pharma research. The company has now spent some £800m in 2020 on similar data/AI assets – thereby reinforcing its position as a global leader in the provision of important information and tools to important and growing industries. In due course and in happier times we'd wager that newly bullish stock market investors will ascribe billions of pounds of new value to this short £1bn of 2020 acquisitions RELX has made.

We also applaud Burberry pushing ahead with its joint venture new store in Shenzhen, partnering with Tencent. Apparently this will be the interactive store which will revolutionise the shopping experience and stand as a signifier of what shops will look like in the digital age. If you want to know more, consider this: on entering the store you will create a profile and be given a digital avatar in the form of a cartoon fawn that hatches from an egg. Burberry says that retail and luxury innovation used to happen in the West, but now the East is where experimentation is done and where youth is most responsive to new digital marketing. It's great that Burberry has such brand resonance in this part of the world and still has an appetite to invest and innovate.

By the way, we note that Burberry shares are down over 30% in 2020. Meanwhile, Prada shares are essentially unchanged – we own those in our global fund. Now, Prada is not Burberry, nor vice versa, but there are real similarities in the investment case; not least that both still have strategic issues to work through to become better businesses. So it is hard to analyse the difference in share price performance between the two as being anything else than a punitive discount being placed by global investors on a company that is listed in London, rather than Hong Kong. Apparently global investors have an aversion to the UK stock market, but this is, in some cases, getting ridiculous.

## 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 August 2020 (% of total investments)

Name	Sector	Total
London Stock Exchange	Financials	12.6
Unilever	Consumer Goods	10.3
Mondelez Int.	Consumer Goods	9.3
RELX	Consumer Services	9.3
Diageo	Consumer Goods	9.1
Schroders	Financials	7.4
Hargreaves Lansdown	Financials	6.8
Sage Group	Technology	6.7
Burberry Group	Consumer Goods	6.2
Heineken	Consumer Goods	4.9
<b>Total</b>		<b>82.6</b>

## Sector Breakdown as at 31 August 2020 (%)

Consumer Goods	47.6
Financials	28.9
Consumer Services	16.3
Technology	6.7
Industrials	0.5
<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	-7.4
Share Price	12.4	12.6	21.5	-0.9	21.8	-6.5
Benchmark	1.0	16.8	13.1	-9.5	19.2	-18.5

## Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Aug 15- Aug 16	Aug 16- Aug 17	Aug 17- Aug 18	Aug 18- Aug 19	Aug 19- Aug 20
NAV	20.4	17.4	13.8	13.7	-9.3
Share Price	19.9	17.7	13.8	13.0	-9.0
Index	11.7	14.3	4.7	0.4	-12.7

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").

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## Fast Facts

As at 31 August 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	217,681,303 Ordinary shares of 25p
<b>Number of Holdings</b>	<b>25</b>
<b>Net Assets (£m)</b>	<b>£1,803.0m</b>
<b>Market Capitalisation (£m)</b>	<b>£1,811.1m</b>
<b>Dividend Per Share**</b>	<b>16.6p</b>
<b>Current Net Yield</b>	<b>2.0%</b>
<b>Gearing</b>	<b>0.7%</b>
<b>Leverage***</b>	Gross 100.7% Commitment 101.6%
<b>Share Price (p)</b>	<b>832.00</b>
<b>NAV (p) (cum income)</b>	<b>828.26</b>
<b>Premium / (Discount) to NAV (p)</b>	<b>0.5%</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 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

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