Finsbury Growth & Income Trust PLC

Portfolio Manager

Nick Train

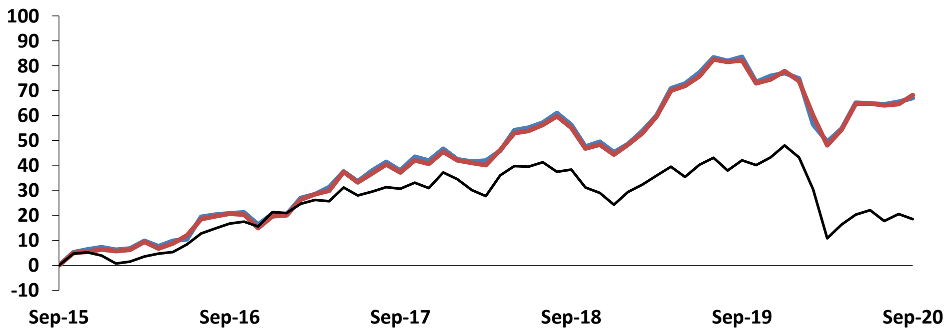
Fund Information as at 30 September 2020 www.finsburygt.com @FinsburyGT

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) +68.3%

Share Price (total return) +67.1%

Benchmark: FTSE All-Share Index (net dividends reinvested) +18.6%

Source: Morningstar

Commentary

In September, the NAV was up 2.2% on a total return basis and the share price was up 1.0%, on a total return basis, while the index was down 1.7%.

We have been building a new holding across all our UK accounts over the summer. This is the third new position we've initiated in the last 12 months – an unusually high rate of actionable new ideas for Lindsell Train (LTL) ! I genuinely believe this in part reflects the long period of disappointing absolute and relative returns delivered by the UK stock market. It's simply that more opportunities are being presented to us as other investors give up on the UK. I don't exaggerate when I say "give up". Have you seen the industry data showing monthly outflows from across all open-ended UK equity funds? They are substantial and sobering.

Our new holding is Experian (EXPN). We have specifics to say about the company below, but first a general observation about the decision. Twelve months ago we were being told by a number of our clients that they had concerns about our future performance because they perceived us as owning too many "expensive" growth companies and that our strategy was vulnerable to a period when "value" and cyclicals would take up the running. Perhaps those concerns might've been right if COVID had not intervened. But the fact is by early Summer 2020 we had begun to be worried that far from holding too many "expensive growth companies", in fact we didn't have enough of them.

In particular there are two types of business which we want to own more of. First, UK companies with luxury, premium or aspirational brands. This is why we felt so lucky in 2020 to have been given the opportunity to start another new holding – in Fever-Tree. It is also why we have thought it so important to maintain the size of our position in Burberry, through its recent share price weakness.

Second, we also want to own more substantive UK companies with credible and globally-competitive assets in technology, data and analytics. Major existing investments in your Company in the London Stock Exchange and RELX provide such exposure, but there is no doubt that EXPN does too.

In fact we should've owned it years ago and the fault that we didn't is all mine. So I want here to give credit to one of my investment team colleagues, Madeline Wright, who has persistently and correctly championed the investment case for the company and helped convince me that EXPN was a worthy candidate for your portfolio. Below I provide a piece written by Madeline outlining that investment case:

"The rationale for owning EXPN is consistent with one of LTL's key investment themes: we are always trying to get more exposure to world class technology companies, especially those which own rich, unique and valuable data. Since EXPN's inception in 1968 it has been building such a cache of unique consumer credit data, which is absolutely critical for the decision making processes of its credit granting customers.

We have followed the stock for a number of years but in 2017 I embarked on a more in-depth review. This included meeting the company several times, both as a standalone piece of analysis and then again in 2018/19 as a bigger project to better understand the wider credit bureau industry. As part of this work I met with all the three major participants – EXPN, TransUnion and Equifax, the latter both US businesses. It's worth noting here that we have chosen to include Equifax in the new Lindsell Train North American fund, launched in April 2020.

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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. 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 30 September 2020 (% of total investments)

Name	Sector	Total
London Stock Exchange	Financials	11.7
Unilever	Consumer Goods	10.8
Diageo	Consumer Goods	9.5
Mondelez Int.	Consumer Goods	9.3
RELX	Consumer Services	9.3
Schroders	Financials	6.8
Burberry Group	Consumer Goods	6.5
Hargreaves Lansdown	Financials	6.4
Sage Group	Technology	6.4
Remy Cointreau	Consumer Goods	5.2
Total		**81.9**

Sector Breakdown as at 30 September 2020 (%)

Consumer Goods	49.5
Financials	26.9
Consumer Services	16.0
Technology	6.4
Industrials	1.2
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	-5.4
Share Price	12.4	12.6	21.5	-0.9	21.8	-5.6
Benchmark	1.0	16.8	13.1	-9.5	19.2	-19.9

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Sep 15-Sep 16	Sep 16-Sep 17	Sep 17-Sep 18	Sep 18-Sep 19	Sep 19-Sep 20
NAV	20.7	13.7	13.1	17.4	-7.7
Share Price	20.8	14.2	13.2	17.4	-9.0
Index	16.8	11.9	5.9	2.7	-16.6

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 30 September 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	217,751,303 Ordinary shares of 25p

Trust Characteristics

Number of Holdings	25
Net Assets (£m)	£1,842.5m
Market Capitalisation (£m)	£1,829.1m
Dividend Per Share**	16.6p
Current Net Yield	2.0%
Gearing	0.5%
Leverage***	Gross 100.5% Commitment 101.6%
Share Price (p)	840.00
NAV (p) (cum income)	846.13
(Discount) / Premium to NAV (p)	(0.7%)

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 13 Nov 20 :(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.

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We believe that EXPN has a strong business model (as indeed do all three bureaus). All operate on an attractive “give to get” basis, in which their customers (mostly banks) supply the bureau with raw credit history data for free; the bureau aggregates it, applies analytics and tools, and sells it back to the customers as a credit report. Renewal rates are around 90% - these reports are critical to the credit granting decision process. Competition is minimal because each bureau's dataset varies and therefore most banks use reports from all three. The cost per report is low at just one or two dollars, so there is little incentive for either the existing three to engage in price wars, or for a fourth player to enter. This is especially true because it would take more than 10 years for a new entrant to amass sufficient data to effectively compete, and tough regulation in all geographies adds a further barrier to entry. Even more importantly, customers recognise that the risk of something going wrong if they use an untested, new bureau is too high. In short, it would make no sense to risk receiving untrustworthy, flawed or incomplete data just to save a few cents on each report.

So the risk isn’t really from new entrants. Actually, given the need for trust and reliability, EXPN emphasised to me in 2017 that the biggest risk they could conceive of is the company suffering a security breach. However, later that year this exact event happened to Equifax. Data on nearly 150m Americans and 15m Britons was stolen in one of the largest cybercrimes in history. Clearly this was a very large, very serious breach, but while the event did have serious repercussions including the departure of the CEO and numerous lawsuits, it didn’t affect Equifax’s business in the longer term. We think this “test case” indicates the resilience of credit bureau business.

Last and perhaps most important, we have noted that, like RELX, EXPN is shifting away for simply selling data to selling data enhanced by software decision tools. This means EXPN is investing heavily into developing proprietary algorithms and data management tools, which increase the utility of the underlying data and increase the “stickiness” of its customer relationships. Currently 55% of sales come from what the company calls “Data”, i.e. large databases of credit history from which reports are generated. But the “Decisioning” segment, i.e. advanced analytics and tools sitting on top of EXPN’s datasets, is now 25% of revenues and growing faster.

We expect this shift to decision tools to drive EXPN’s growth over the next decade.”