

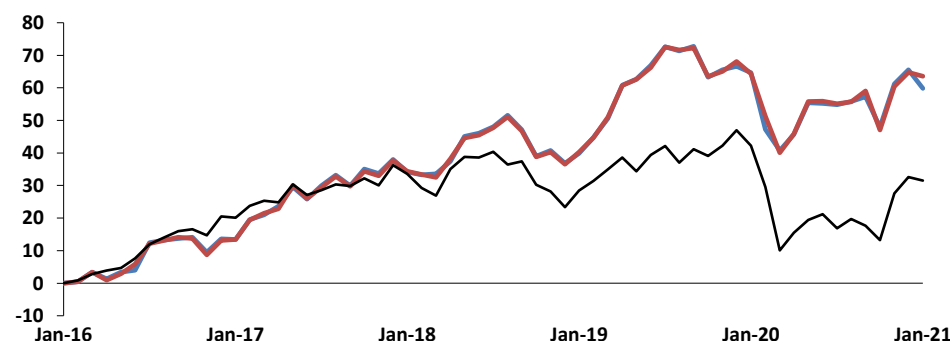


Investment Objective and Benchmark Index

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) +63.5%

Share Price (total return) +59.9%

Benchmark: FTSE All-Share Index (net dividends reinvested) +31.5%

Source: Morningstar

Commentary

In January, the NAV was down 0.7% on a total return basis and the share price was down 3.4%, on a total return basis, while the index was down 0.8%.

Fourteen portfolio companies – c60% of the total - reported trading updates or corporate developments in January. Here are brief summaries:

AG Barr

Revenues will be down c11% over its financial year to end January 2021, slightly better than expected and profit margins have held up. The balance sheet remains robustly in net cash.

Burberry

Q3 revenues were down 9%, somewhat worse than expected. Burberry is deliberately reducing its markdown and outlet activity – to increase the proportion of full-price and true luxury sales. And full-price sales were up “high single digits”, led by Asia. In addition, online sales are up 50%. Burberry says that from c10% of the total sales prior to COVID, it now expects online to settle between 20-25%. That would have favourable implications for profitability.

Daily Mail & General Trust

Q1 revenues were down 15%. Excluding Events and Exhibitions, which have essentially gone to zero, revenues would have been down 5%. As has been the case for several years, DMGT’s digital assets, both B2B and B2C were resilient, with pockets of strong growth in Property Data and digital advertising in the newspaper business.

Diageo

Revenues increased marginally over the H1 period and a 2% tick up to the dividend came sooner than I expected and is most welcome. People talk about the effects of COVID on consumer behaviour, particularly in relation to the adoption of technology. But this is also true of other pre-existing trends. For instance, between 2014 and 2019 spirits gained 5% extra share of the global alcoholic beverage industry, at the expense of beer and wine. That trend has really kicked on again during lockdown. Similarly, it took 10 years for e-commerce sales of booze to get to 5% of the UK market – it is now 13%. Premiumisation and new routes to market will help Diageo grow for the foreseeable future and protect its profit margins.

Euromoney

Q1 trading update was described by the company as “encouraging”, notwithstanding the headline was a 20% fall in group revenues, as Events lost 70% of last year’s sales. ERM is not far from becoming, in terms of structure and time, a data/pricing/software-workflow business and if perceived as such could be more highly valued. The net cash balance sheet has allowed the company to announce two small, but strategically relevant acquisitions.

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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 31 January 2021 (% of total investments)

Name	Sector	Total
London Stock Exchange	Financials	10.7
Diageo	Consumer Goods	10.3
RELX	Consumer Services	9.9
Unilever	Consumer Goods	9.2
Schroders	Financials	8.2
Mondelez Int.	Consumer Goods	8.0
Burberry Group	Consumer Goods	7.1
Hargreaves Lansdown	Financials	6.7
Sage Group	Technology	5.0
Heineken	Consumer Goods	4.9
Total		80.0

Sector Breakdown as at 31 January 2021 (%)

Consumer Goods	47.9
Financials	27.6
Consumer Services	17.5
Technology	5.0
Industrials	2.0
Total	100.0

Discrete Performance – Calendar Years (%)

Percentage Growth	2016	2017	2018	2019	2020	YTD
NAV	12.5	21.7	-0.8	23.1	-2.0	-0.7
Share Price	12.6	21.5	-0.9	21.8	-0.7	-3.4
Benchmark	16.8	13.1	-9.5	19.2	-9.8	-0.8

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Jan 16- Jan 17	Jan 17- Jan 18	Jan 18- Jan 19	Jan 19- Jan 20	Jan 20- Jan 21
NAV	13.5	18.4	4.3	17.2	-0.5
Share Price	13.4	18.3	4.3	17.7	-2.9
Index	20.1	11.3	-3.8	10.7	-7.5

Source: Morningstar.

* Index source: FTSE International Limited ("FTSE") © FTSE 2020

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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").

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Fast Facts

As at 31 January 2021

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*	0.6%
Year / interim end	30 September/ 31 March
Capital Structure	223,476,303 Ordinary shares of 25p

Trust Characteristics

Number of Holdings	25
Net Assets (£m)	£1,924.2m
Market Capitalisation (£m)	£1,888.4m
Dividend Per Share**	16.6p
Current Net Yield	2.0%
Gearing	1.4%
Leverage***	Gross 101.4% Commitment 101.8%
Share Price (p)	845.00
NAV (p) (cum income)	861.05
(Discount) / Premium to NAV (p)	(1.9%)

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 20) 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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Experian

Q3 revenues were up 7%, with the company guiding to a strong full year result. Its shares are down in January, because the Democrat clean sweep of the US elections raises the possibility of regulatory intervention for the credit agencies.

Fever-Tree

Like Diageo, Fever-tree is a beneficiary of the changes to consumer behaviour during the pandemic, even though its business is disrupted. Premium spirits and premium mixers go together and are both offering secular growth – notably in the US, which grew 23% in 2020 (at home sales +57%). Net cash continues to build on Fever-Tree's balance sheet.

London Stock Exchange

The acquisition of Refinitiv has closed, at last. With a market capitalisation of well over £40bn the LSE is now a serious, global business, with a serious growth opportunity.

Mondelez

The company grew steadily last year, with 12-month revenues up 3% and earnings up 6%. The outlook is for more of the same, with some acceleration if Emerging Markets recover (35% revenues). The dividend yield is 2.2%, growing last year at more than 10%.

PZ Cussons

The new CEO was able to report 10% revenue growth to the half year, with earnings up 16%. When we invested we knew Carex was a valuable brand, but had no conception how valuable it would turn out to be – the #1 hand wash and sanitiser in the UK.

Pearson

12-month revenues were down 10%, slightly better than feared. Global Online Learning was up 18% (over 30% in the second half). Meanwhile, digital text-book sign-ups were up 9%.

Rathbones

Assets under management for 2020 rose 9%, with encouraging 30% growth in its Unit Trust division (now 16% of the total).

Remy Cointreau

Q3 revenues were up 25%, implying full year sales will be only modestly down. There was very strong demand for cognac in China and the US. Over 70% of Remy's sales are cognac and there is no other quoted asset anywhere in the world that offers comparable exposure to this structurally growing, high margin premium drink.

Sage

Q1 revenues were up 1.4%. As in recent years this modest progress masks more meaningful growth in subscription and "cloud" revenues (as one-off license sales are discontinued). Recurring revenues grew at 4.7% and, within that "Native Cloud" was up 27%.

What to make of all this? Some shares went up, others fell – not necessarily the ones you might have expected. For instance, DMGT was one of the better performers in January, despite the fall in its sales. The FT All-Share ended the month down, marginally, as did the NAV. It is evident that the UK stock market is not in a bull market. We continue to note a disparity between the share price performance and valuations of comparable UK and global companies – suggesting that investors still require a discount to invest in a London-listed company. Because I am an optimist I don't find it hard to envisage a different set of circumstances. Circumstances where global investors are piling into UK companies, backed by a stable pound and with UK corporate earnings recovering rapidly, as the pandemic eases and, even more importantly, as businesses of all types benefit from technology-driven productivity gains.

Perhaps a couple of takeovers might change the mood.

Shenanigans in the world of hedge funds led to big price spikes in two heavily shorted stocks in your portfolio. Hargreaves Lansdown and Pearson. We ignore the share price volatility and focus on the progress being made in the underlying companies.

