Finsbury Growth & Income Trust PLC

Portfolio Manager

Nick Train

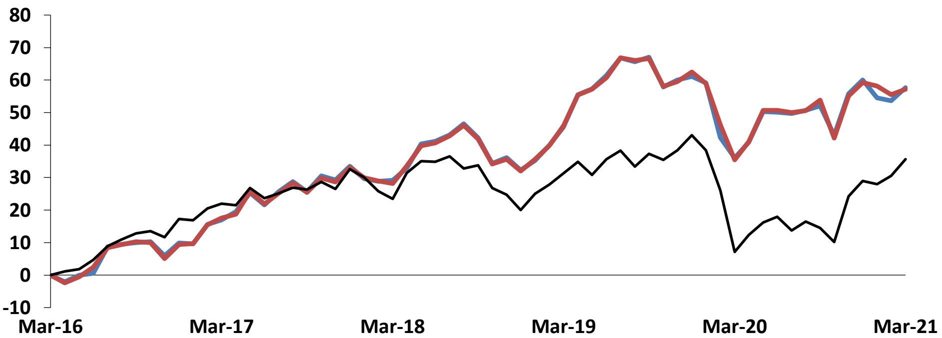
Fund Information as at 31 March 2021 www.finsburygt.com @FinsburyGT

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) +57.2%
Share Price (total return) +57.7%
Benchmark: FTSE All-Share Index (net dividends reinvested) +35.7%
Source: Morningstar

Commentary

In March, the NAV was up 1.1% on a total return basis and the share price was up 2.6%, on a total return basis, while the index was up 4.0%.

I am not generally a great one for looking back; but reviewing how we fared in 2020 helps explain our performance for you in the first quarter of 2021. Our UK equity returns were resilient compared to benchmark in calendar 2020. However, the outperformance last year was generated during the period when markets were weakest and concerns about the pandemic at their gravest. In other words, your portfolio proved “defensive” in difficult circumstances. In hindsight, our UK strategy began to underperform around the time of the vaccine announcements in Q4 2020 and this has continued into 2021.

Simply stated – having held up during the worst of 2020, our returns have lagged as economic and investor confidence recovered.

One useful way to illustrate what has happened is to consider the performance of Unilever’s share price – an important holding for FGT. During 2020 Unilever’s business held up reasonably well – selling staple food and personal products all around the world. As a result, Unilever’s share price was something of a safe haven in the context of the UK stock market, actually delivering a modest capital gain in 2020. During the first quarter of 2021, though, Unilever’s share price has fallen 7%, while the UK stock market is up over 5%. Suddenly its “defensive” qualities seem unattractive, when there are “recovery” stories to chase, such as Banks and Oil. Looking at other drab performers in the portfolio in Q1 confirms this analysis. Heineken, Mondelez and even Fever-Tree all fell. Their booze and chocolate joining Unilever’s soap and ice-cream. These just do not seem exciting investment propositions – at least for now. Of course, a look at the longer-term share price performance of these companies is a useful reminder that the sort of steady, predictable growth they offer is very valuable for investors. All the holdings mentioned in this paragraph have done well for your portfolio over time and we hope will do so again.

I must be careful, too, not to give the impression that the whole portfolio is made up of what some might uncharitably dismiss as “steady plodders”, such as Unilever. During Q1 we saw encouraging share price gains from long-term holdings – Burberry, Daily Mail, Diageo, Rathbones Sage, Schroders and Youngs. All these with the potential to deliver exciting business growth, we hope, as economies and stock markets, particularly the UK, do better.

And then there is the London Stock Exchange. This was FGT’s biggest position at the start of 2021, having risen over 16% in 2020 and that gain on top of many previous years of strong returns. But since its peak share price on 16th February 2021, at over £99, LSE’s stock has fallen nearly 30%, hitting your portfolio return by c2.0% over the full quarter.

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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 March 2021 (% of total investments)

Name	Sector	Total
Diageo	Consumer Goods	10.5
RELX	Consumer Services	10.1
Unilever	Consumer Goods	8.9
London Stock Exchange	Financials	8.6
Mondelez Int.	Consumer Goods	8.5
Schroders	Financials	8.5
Burberry Group	Consumer Goods	7.9
Hargreaves Lansdown	Financials	6.1
Sage Group	Technology	5.2
Heineken	Consumer Goods	5.0
Total		**79.3**

Sector Breakdown as at 31 March 2021 (%)

Consumer Goods	49.1
Financials	25.4
Consumer Services	18.3
Technology	5.2
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	-1.3
Share Price	12.6	21.5	-0.9	21.8	-0.7	-1.5
Benchmark	16.8	13.1	-9.5	19.2	-9.8	5.2

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Mar 16-Mar 17	Mar 17-Mar 18	Mar 18-Mar 19	Mar 19-Mar 20	Mar 20-Mar 21
NAV	17.5	9.0	13.9	-7.2	16.1
Share Price	17.0	10.4	12.7	-6.6	15.9
Index	22.0	1.2	6.4	-18.5	26.7

Source: Morningstar.
* Index source: FTSE International Limited ("FTSE") © FTSE 2021
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 March 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	223,821,303 Ordinary shares of 25p

Trust Characteristics

Number of Holdings	25
Net Assets (£m)	£1,915.8m
Market Capitalisation (£m)	£1,929.3m
Dividend Per Share**	16.6p
Current Net Yield	2.0%
Gearing	0.9%
Leverage***	Gross 100.9% Commitment 101.6%
Share Price (p)	862.00
NAV (p) (cum income)	855.96
Premium / (Discount) 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.*
1st Interim payable 14 May 21 :(Year ended Sep 21) 8.0p
***2nd Interim payable 13 Nov 20 :(Year ended Sep 20) 8.6p*
****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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As an investment team, we have written a note this month explaining what has happened to the LSE in 2021 and our hopes for the investment looking ahead. I attach this below:

"Following the LSE's announcement of its 2020 results in March the share price fell sharply, closing down 28% for the month.

With the results, the company outlined its initial plans for the integration of its acquisition of Refinitiv. It was investors' disappointment over what were seen as the unexpectedly high costs of integration that prompted the initial share price fall. There is also no doubt that the fall was exacerbated by the euphoria earlier in February, as the deal to buy Refinitiv was sealed. Some reaction to that was understandable. What is more, the transaction involved the issue of new equity to Thomson Reuters and Blackstone, the sellers of Refinitiv, and already c£750m of those new shares have been placed. And placed at a time when investors were digesting the news about costs and after a very strong run in the LSE's price. This combination made for a toxic set of circumstances for LSE shares – in the short term.

Turning to the deal itself, we must acknowledge it is on a different scale to others that the LSE has executed in the past. Refinitiv sales are more than double "old" LSE's and it employs more than three times as many people. The scale of the integration unquestionably brings execution risk.

These concerns are understandable, but it is important not to lose sight of the strategic benefits of the deal. As a combination the group becomes the #2 aggregator of data and analytics to the global financial sector, delivered increasingly via data feeds and the cloud. This data is embedded in customers' systems and generates subscription-based revenues - 80% of which are recurring. Demand for that data is rising at a mid-single digit rate, propelled by customers' increased requirements, not least for ESG analysis. There are high barriers to entry here as amassing data takes time and requires patient investment. This division becomes c70% of total revenues. An even higher quality part of the group, according to management, is LCH Clearnet, the #1 provider of clearing services in interest rates and foreign exchange. The more cyclical Capital Markets division becomes smaller, at 17% revenues, combining LSE's markets division with Refinitiv's Foreign Exchange dealing platforms. In addition, the company owns more than 50% of Tradeweb Markets, an independent trading venue for interest rates, ETFs, equities and money markets, listed on NASDAQ. This is a very valuable asset, capitalised at over $17bn currently. In total, the LSE Group will have 70% recurring revenues and a realistic target to achieve 50% operating margins over the next few years. In the meantime, debt and leverage fall quickly after the imminent sale of the LSE's holding in the Italian stock exchange.

In our recent meeting with LSE management, we asked about the early challenges of the integration. The answer was that their views on the merger are consistent with those when they first announced it back in 2019. They knew Refinitiv was a business that would need work. Part of the investment thesis was based on the knowledge that Thomson Reuters had underinvested in certain areas. Given the scale of the business and complexity, this was always going to require heavy lifting. As they have got to know Refinitiv's business and people better, they feel as good, if not better about the long-term strategic opportunity. The timeframe and targets have not changed. The targets around revenue, synergies and operating margins are unchanged. They look forward to delivering all of these.

Based on these comments we remain supportive and encourage the company to grasp the opportunity by investing more and sooner if necessary, to ensure its long-term competitive position is enhanced.

We expect the combined group to occupy a vital role in the global financial sector and with its collection of unique data and market positions hope it can command a stock market rating and share price equal to or higher than that from which it has just recently fallen."

No investment is risk-free and there certainly are risks to the LSE making a success of this merger. On the other hand, the rewards are apparent too. As is the rarity of such a globally significant data business in the context of the UK stock market. It remains a core holding in your portfolio.

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