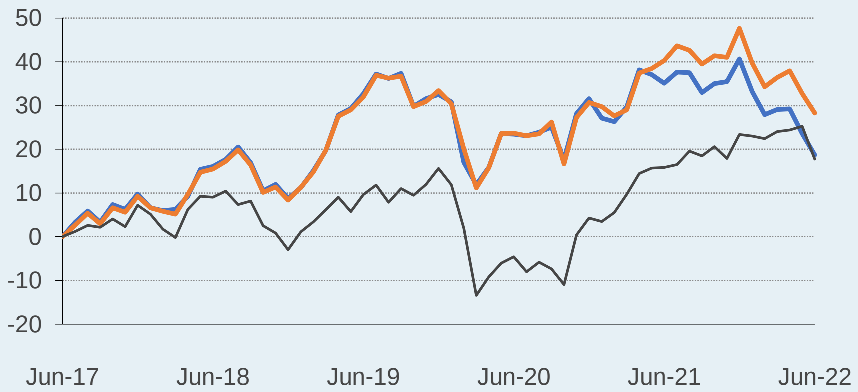
# Finsbury Growth & Income Trust PLC
## Factsheet as at 30 June 2022

## 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 Year 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.




Share Price (total return) +18.7%
Net Asset Value per share (total return) +28.1%
Benchmark: FTSE All-Share Index (net dividends reinvested) +17.8%

Source: Morningstar

## Ten Largest Holdings as at 30 June 2022 (% of total investments)

| Name | Sector | Total |
|---|---|---|
| RELX | Consumer Discretionary | 12.1 |
| Diageo | Consumer Staples | 11.8 |
| London Stock Exchange | Financials | 10.7 |
| Mondelez Int. | Consumer Staples | 10.4 |
| Unilever | Consumer Staples | 8.7 |
| Burberry Group | Consumer Discretionary | 7.2 |
| Schroders | Financials | 6.8 |
| Sage Group | Technology | 5.6 |
| Remy Cointreau | Consumer Staples | 5.5 |
| Experian | Industrials | 5.3 |
| **Total** | | **84.1** |

**Portfolio Manager** Nick Train

## Fast Facts

| Fast Facts | As at 30 June 2022 |
|---|---|
| **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 Ratio ('OCR')*** | 0.6% |
| **Year / interim end** | 30 September/ 31 March |
| **Capital Structure** | 220,347,531 Ordinary shares of 25p 4,643,772 (in treasury) |
| **Number of Holdings** | 22 |
| **Net Assets (£m)** | £1,822.7m |
| **Market Capitalisation (£m)** | £1,687.9m |
| **Dividend Per Share**** | 17.4p |
| **Current Net Yield** | 2.3% |
| **Gearing** | 1.7% |
| **Leverage***** | Gross 101.7% Commitment 101.8% |
| **Share Price (p)** | 766.00 |
| **NAV (p) (cum income)** | 827.21 |
| **(Discount) / Premium to NAV** | (7.4%) |
| **Portfolio Turnover p.a.** | 5.0% |
| **Active Share** | 86.4% |

## Codes

| | |
|---|---|
| **Sedol** | 0781606 |
| **ISIN** | GB0007816068 |
| **Legal Entity Identifier (LEI)** | 213800NN4ZKX2LG1GQ40 |
| **Global Intermediary Identification Number (GIIN)** | QH4BH0.99999.SL.826 |
| **Bloomberg** | FGT LN |
| **EPIC** | FGT |

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### Sector Breakdown as at 30 June 2022 (%)

| | |
|---|---|
| Consumer Staples | 44.7 |
| Financials | 23.1 |
| Consumer Discretionary | 21.3 |
| Technology | 5.6 |
| Industrials | 5.3 |
| **Total** | **100.0** |

### Discrete Performance – Calendar Years (%)

| Percentage Growth 12 Month Return | Since Manager Appointment* | 2017 | 2018 | 2019 | 2020 | 2021 | YTD |
|---|---|---|---|---|---|---|---|
| NAV | 544.8 | 21.7 | -0.8 | 23.1 | -2.0 | 13.0 | -13.2 |
| Share Price | 593.1 | 21.5 | -0.9 | 21.8 | -0.7 | 6.9 | -15.6 |
| Index | 178.0 | 13.1 | -9.5 | 19.2 | -9.8 | 18.3 | -4.6 |

*Cumulative since Manager appointment in December 2000

### Standardised Discrete Performance (%)

| Percentage Growth 12 Month Return | Jun 17-Jun 18 | Jun 18-Jun 19 | Jun 19-Jun 20 | Jun 20-Jun 21 | Jun 21-Jun 22 |
|---|---|---|---|---|---|
| NAV | 15.4 | 14.3 | -6.2 | 13.4 | -8.7 |
| Share Price | 16.1 | 14.3 | -7.0 | 9.5 | -12.2 |
| Index | 9.0 | 0.6 | -13.0 | 21.5 | 1.6 |

Source: Morningstar.

* Index source: FTSE International Limited (“FTSE”) © FTSE 2022

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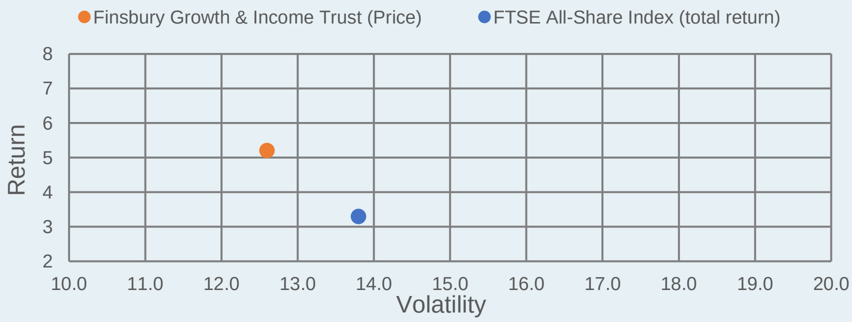
### Return vs Volatility (5 Years Annualised) – Chart (%)




*Calculated at the financial year end, includes management fees and all other operating expenses.

**1st Interim payable 13 May 22 :(Year ended Sep 22) 8.3p

2nd Interim paid 12 Nov 21 :(Year ended Sep 21) 9.1p

***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.

Active Share is expressed as a percentage and shows the extent to which a fund’s holdings and their weightings differ from those of the fund’s benchmark index. A fund that closely tracks its index might have a low Active Share of less than 20% and be considered passive, while a fund with an Active Share of 60% or higher is generally considered to be actively managed.

### 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. Up to 20% of the portfolio, at the time of acquisition, can be invested in quoted companies outside the UK. The Company’s policy is to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts).

### Share Buy-back and Issuance Mechanism

The Directors have adopted a share buy-back 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 date and it is the intention of the Board that any re-sale of treasury shares would only take place at a premium to the 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 NAV per share.

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## Commentary

In June, the NAV was down 3.5% on a total return basis and the share price was down 4.0%, on a total return basis, while the index was down 6.0%.

June was a better relative month for our UK Equity strategy, but, frustratingly, overall Q2 was another quarter of underperformance.

I rub my eyes in disbelief at the prices of our worst performing shares in 2022 and am sorry for the reduction in the value of shareholders' savings that has resulted. We believe these price falls are temporary, and the underlying business performance of the offending companies will prove the pessimists wrong and provide reasons for their shares to recover and go on, eventually, to new highs. For instance, three of the worst portfolio holdings over the second quarter were Fever-Tree, down 30%, Hargreaves Lansdown, 22% and Schroders down 17%. These declines took the shares back to multi-year lows; as long ago as 2012 in the case of Hargreaves. Yet all three companies have net cash on their balance sheets (no debt), all have grown usefully since pre-COVID (Fever-Tree revenues up 19% since 2019, Hargreaves 31% and Schroders up 17%) and all, in our opinion, have credible business strategies that promise future growth in sales and profits. These financially-sound, highly profitable companies really ought to be successful investments, but these and other holdings seem friendless in current stock market conditions. We buy more of them when we can.

Over the quarter there were some instructive moves in commodity and speculative asset prices. Oil ended June down 14.5% from its high in March. Copper fell over 20%. And Bitcoin dropped 58%. The falls in commodity prices may be signalling that investors' confidence in economic recovery after COVID is waning; while the collapse of Bitcoin is a painful lesson about the rise and deflation of speculative bubbles. In such circumstances you might expect shares of steadily growing, so-called "defensive" companies to do rather better – as investors seek shelter from economically-vulnerable industries or from "concept" companies, that may or may not ever earn a decent profit. And indeed, over the quarter our holdings in companies that offer the potential for steady and sustained growth did better. Unilever, Heineken and Mondelez all rose in value for the fund, with Unilever up nearly 10% (though the appearance of corporate activist Nelson Peltz on the Unilever share register had something to do with that gain). I want to emphasise we do not regard companies such as Unilever, Heineken, Mondelez and similar portfolio holdings, Diageo and RELX as just "defensive" investments. If "defensive" means that the only time to own them is if you fear that stock markets are likely to fall, or economies go into slowdown. Instead, we believe such businesses offer the prospect of protection against monetary inflation and the likelihood of real earnings growth over time. These are characteristics that make for fine long-term investments – as all the companies named above have proven to be. I must say, I find the share price weakness of Diageo, down 8.6% over the last three months to be perplexing. There can be few companies in the world that offer greater certainty of inflation protection and access to secular real growth. We know that some analysts believe Diageo is expensive, because it currently commands a P/E of c25x. We disagree. Instead, we concur with US stock market scholar Jeremy Siegel – author of the classic "Stocks for the Long Run" - who concludes "stocks with steady growth records are worth 30, 40 and more times earnings". On this basis Diageo is given away.

In fact, we are agnostic about the possibility of recession. Perhaps there won't be one. Clearly the duration of this wretched war will have an enormous influence on energy prices and thereby consumer confidence. We hope it ends soon and expect energy prices would fall and stock markets go up in that event.

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## Important Information

Finsbury Growth & Income Trust PLC (the Company) 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").



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.

## 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

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However, we are not agnostic about a stock market driver even more fundamental for wealth creation than interest rates and inflation. This is the continuing digital revolution. We remain very encouraged that almost all our portfolio companies report to us that they are using digital tools and data to make their products and services more valuable or enjoyable for their customers.

For instance, we were interested to read in Experian's Annual Report and Accounts that its "Ascend Sandbox" service helps banks and other financial institutions devise their marketing campaigns targeted at specific individuals in 7 days, rather than previously 60-90 days. This sort of time saving and productivity enhancement is what makes economies and companies prosper over time. Experian is one of the UK stock market's biggest companies. It owns an unmatched collection of data on 1.3bn individuals and 166m companies worldwide; data which it can deploy to help its customers grow more quickly at less risk of default or fraud. Experian has grown its sales at a steady 6%pa compound since it listed on the London stock market in 2006 (perhaps not exciting, but pleasingly persistent). Growth this year may slow a bit on that of 2021 but is still forecast to be above that 6% average of the last 16 years. Meanwhile, Experian's shares are down 17% over the 2nd quarter and 34% year-to-date. I am not complaining. Perhaps the shares had got ahead of themselves in 2021 and the weakness has given us an opportunity to add more to the holding. But Experian is precisely the sort of technology-advantaged company for which UK investors have been clamouring for years and this recent share price setback provides a wonderful opportunity to buy a globally significant growth company on attractive terms. Other important portfolio holdings – Burberry, Hargreaves Lansdown, London Stock Exchange, RELX and Sage – are also deploying technology to make their services slicker and more valuable. The worldwide wealth that is created by productivity gains drives consumer spending, and that increased spending is likely to be directed to premium and luxury products and experiences. This is why we remain enthusiastic about the prospects for owners of such brands in the portfolio – Burberry, Diageo, Fever-Tree, Heineken, Mondelez, Remy Cointreau and even Unilever, whose "masstige" brands like Dove, Hellman's and Magnum continue to grow.

I recently calculated that companies amounting to 98% of the value of your portfolio had increased their most recent dividend. In addition, 70% by value had either recently paid a special dividend or were engaged in a share buyback programme, or very recently completed such a programme. It seems the companies we are invested in are financially sound and confident in their futures. We are too, whatever the stock market is saying in the short term.

## *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 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.*