Frostrow CAPITAL

Finsbury Growth & Income Trust PLC

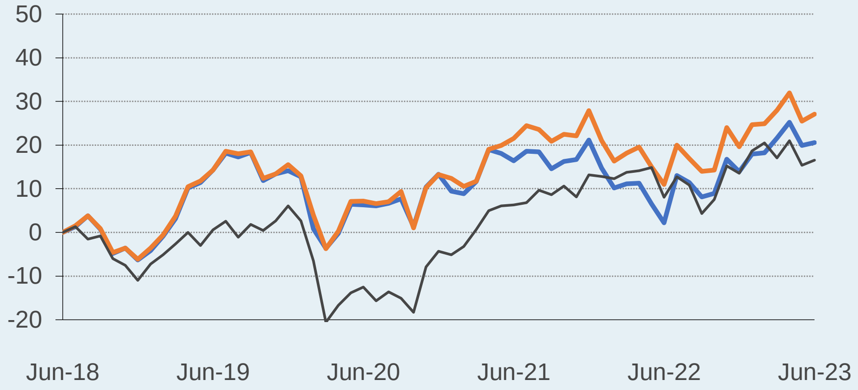
Factsheet as at 30 June 2023

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) +20.6%
Net Asset Value per share (total return) +27.1%
Benchmark: FTSE All-Share Index (net dividends reinvested) +16.5%

Source: Morningstar

Ten Largest Holdings as at 30 June 2023 (% of total investments)

Name	Sector	Total
RELX	Consumer Discretionary	12.2
London Stock Exchange	Financials	11.1
Diageo	Consumer Staples	10.5
Unilever	Consumer Staples	8.7
Burberry Group	Consumer Discretionary	8.5
Sage Group	Technology	7.5
Experian	Industrials	7.4
Mondelez Int.	Consumer Staples	7.1
Schroders	Financials	5.7
Heineken	Consumer Staples	5.2
Total		**83.9**

LINDSELL TRAIN

Portfolio Manager Nick Train

Fast Facts

As at 30 June 2023

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	206,770,759 Ordinary shares of 25p 18,220,544 (in treasury)
Number of Holdings	22
Net Assets (£m)	£1,916.3m
Market Capitalisation (£m)	£1,827.9m
Dividend Per Share**	18.3p
Current Net Yield	2.1%
Gearing	1.4%
Leverage***	Gross 101.4% Commitment 101.7%
Share Price (p)	884.00
NAV (p) (cum income)	926.80
(Discount) / Premium to NAV	(4.6%)
Portfolio Turnover p.a.	1.4%
Active Share	85.1%

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 2023 (%)

Consumer Staples	39.2
Consumer Discretionary	23.7
Financials	22.2
Technology	7.5
Industrials	7.4
Total	**100.0**

Discrete Performance – Calendar Years (%)

	2018	2019	2020	2021	2022
NAV	-0.8	23.1	-2.0	13.0	-6.5
Share Price	-0.9	21.8	-0.7	6.9	-6.0
Index	-9.5	19.2	-9.8	18.3	0.3

*Cumulative since Manager appointment in December 2000

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	1m	3m	YTD	1yr	3yr	5yr	10yr	Since Manager Appointment
NAV	1.3	-0.7	6.3	14.6	18.6	27.1	152.3	635.2
Share Price	0.6	-0.8	5.9	18.0	13.4	20.6	137.6	717.6
Index	1.0	-0.5	2.6	7.9	33.2	16.5	78.0	200.0

Source: Morningstar.

* Index source: FTSE International Limited ("FTSE") © FTSE 2023

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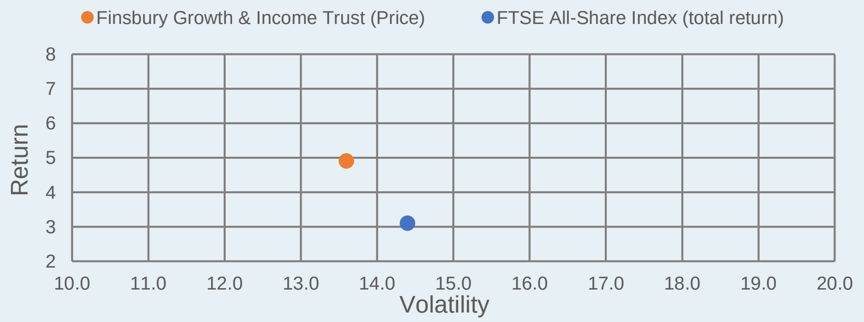
Return vs Volatility (5 Years Annualised) – Chart (%)



Dividend Growth – 5 Years History

	2018	2019	2020	2021	2022
Dividend Rate	15.3p	16.6p	16.6p	17.1p	18.1p
YoY% Growth	7.7	8.5	-	3.0	5.8

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

***1st Interim payable 19 May 23 :(Year ended Sep 23) 8.5p*

2nd Interim paid 4 Nov 22 :(Year ended Sep 22) 9.8p

****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 a 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 up 1.3% on a total return basis and the share price was up 0.6%, on a total return basis, while the index was up 1.0%.

I participated in a conference panel discussion during June, debating reasons for the disappointing performance of the UK equity market and wondering when its prospects will improve. One thing on which everyone agreed was that UK equities are abysmally out of favour with both domestic and international investors and that this disenchantment has resulted in an ostensibly low valuation for the UK market as a whole. The FT All-Share trades on 10x earnings, according to Bloomberg, compared to the MSCI World Index on 18x. The divergence with the United States was highlighted, with the S&P 500 commanding a 22x multiple, purportedly now at a record premium to the All-Share. This divergence has widened so far in 2023, with the S&P 500 delivering a return of 11% in the first half of the year in sterling, while the FT All-Share has managed just 2.6%.

There was some disagreement amongst the panelists about what conclusions should be drawn from this analysis, with one view being that UK equities are currently offering a once in a decade opportunity to buy. I want to believe that too, for all sorts of commercial and emotional reasons. After all, I run a UK equity strategy and the UK market has been a focus throughout my entire career (with decent rewards for that UK focus for my clients over those 40 years). But I am cautious to do so. And I am cautious because I know that one person's "ostensibly low valuation" is another's moribund value trap. In other words, markets can stay frustratingly cheap for a very long time. What I did argue though and with some fervency, is that when a market is as out of favour as the UK, there is an increased or improved chance of identifying wonderful companies that are wrongly priced and that, over time, if you own shares in wonderful companies, wrongly priced, you can earn potentially exceptional returns, even if the UK market as a whole remained out of favour.

To offer one example of this, I'd point to the justification given by JP Morgan recently for its upgrade and new buy recommendation for one of our portfolio holdings: UK-listed cloud-software provider Sage. JPM observes that Sage is growing its business strongly, particularly in its biggest market, the US, and that its proportion of recurring revenues and levels of cash generation are world class. Yet, JPM notes, Sage trades on 24x, compared to US-listed Intuit on 36x (a good if not exact comparator). This upgrade may have had an effect. In the second quarter Sage shares were up 20%, are up 27% year-to-date and now trade 5x higher than their lowest price of the last 20 years, hit in 2004.

I hope there is even more to come from Sage, and from other portfolio holdings too, which may be similarly undervalued compared to their business prospects and to US or Global counterparts. Below are some "pairs" of current P/E valuations of FGT UK portfolio holdings and comparator companies. The numbers are derived from Bloomberg and are prospective, based on Bloomberg's estimates for earnings over the next 12 months.

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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.

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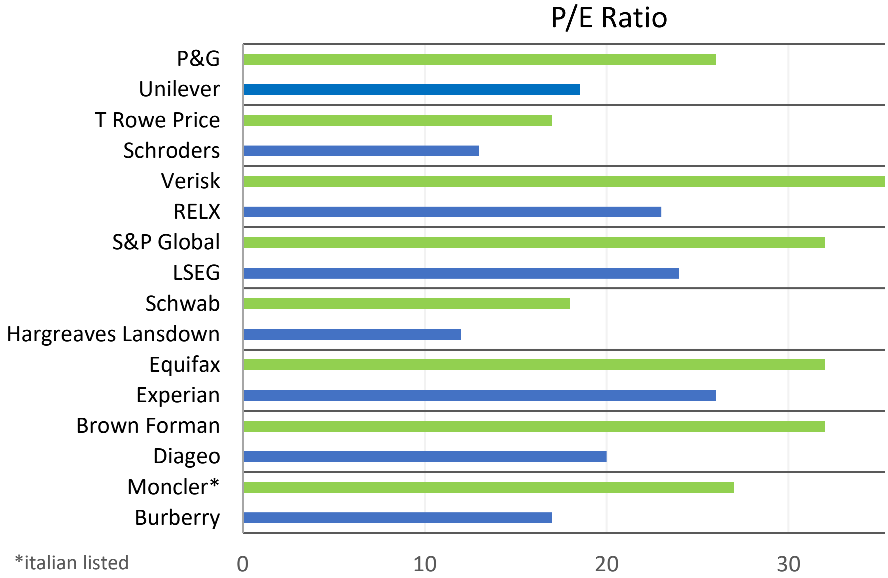
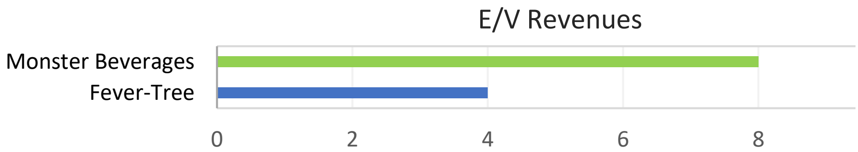


I also show a revenue-based valuation of two other beverage companies, because the earnings of the UK example are temporarily very depressed making its P/E less meaningful.



Now, of course these pairs are not exact "like-for-likes"; just as Sage is not an exact comparator for Intuit. But it is not contentious, in my opinion, to argue that Burberry, Diageo, Experian, Fever-Tree, Hargreaves Lansdown, London Stock Exchange Group, RELX, Schroders and Unilever have been outstanding businesses, at least in the past. Certainly, they all meet the only post hoc definition of outstanding that really matters – owning their shares for long periods has made investors lots of money. Perhaps they are not as outstanding as the comparators I have chosen – the US is indeed home to some amazing companies. But, no doubt, this evidence from the relative valuation of our UK holdings confirms what the panel discussion asserted: that the divergence in valuation of US and UK companies is wide and at index-level getting wider. And that there must at least be the possibility that our holdings could become more valuable, if they continue to make good business progress.

Turning to the second quarter – there was strong share price performance from US technology companies, particularly those perceived as beneficiaries of developments in Artificial Intelligence. It is worthy of note that our best performers over the quarter were those UK-listed companies that themselves have strong AI credentials. Sage is one of them, providing productivity-boosting AI tools to small and medium sized businesses. Others include Experian, up 16%, LSEG up 7%, RELX which outperformed the FT All-Share during Q2 with a marginal gain of 1.6%, and even Hargreaves Lansdown, which was up 2%. Combined these investments make up the biggest proportion of the portfolio and we hope they will continue to participate in any AI bull market.

Our weakest performers over the quarter were shares of luxury companies Burberry and Remy Cointreau, as investors anticipate a slowdown of demand for their products. We understand why some investors might attempt to time their holdings or the size of their holdings in these companies, but to us the calibre of the brands, their demonstrable historic and current pricing power, and the prospect for secular future growth in demand for their luxury products worldwide make them core, long-term investments.

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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 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.