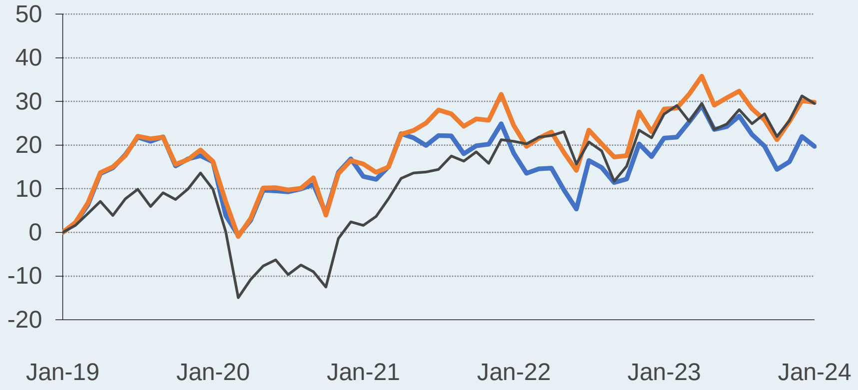
Finsbury Growth & Income Trust PLC
Factsheet as at 31 January 2024

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) +21.3%
Net Asset Value per share (total return) +30.8%
Benchmark: FTSE All-Share Index (net dividends reinvested) +30.4%

Source: Morningstar

Ten Largest Holdings as at 31 January 2024 (% of total investments)

Name	Sector	Total
RELX	Consumer Discretionary	12.5
London Stock Exchange	Financials	12.0
Experian	Industrials	11.1
Sage Group	Technology	10.2
Diageo	Consumer Staples	10.1
Unilever	Consumer Staples	8.5
Mondelez Int.	Consumer Staples	5.7
Burberry Group	Consumer Discretionary	5.5
Schroders	Financials	5.5
Heineken	Consumer Staples	3.5
Total		**84.6**

Portfolio Manager Nick Train

Fast Facts

As at 31 January 2024

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	194,959,325 Ordinary shares of 25p 30,031,978 (in treasury)
Number of Holdings	23
Net Assets (£m)	£1,771.3m
Market Capitalisation (£m)	£1,639.6m
Dividend Per Share**	19.0p
Current Net Yield	2.3%
Gearing	1.9%
Leverage***	Gross 101.9% Commitment 102.0%
Share Price (p)	841.00
NAV (p) (cum income)	908.57
(Discount) / Premium to NAV	(7.4%)
Portfolio Turnover p.a.	3.9%
Active Share	84.7%

Codes

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

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Sector Breakdown as at 31 January 2024 (%)

Consumer Staples	33.5
Consumer Discretionary	22.7
Financials	22.5
Industrials	11.1
Technology	10.2
Total	**100.0**

Discrete Performance – Calendar Years (%)

	2019	2020	2021	2022	2023
NAV	23.1	-2.0	13.0	-6.5	5.8
Share Price	21.8	-0.7	6.9	-6.0	3.9
Index	19.2	-9.8	18.3	0.3	7.9

Standardised Discrete Performance (%)

	1m	3m	YTD	1yr	3yr	5yr	10yr	Since Manager Appointment**
NAV	-0.3	7.0	-0.3	1.2	12.2	30.8	123.9	629.4
Share Price	-1.9	4.6	-1.9	-1.5	6.1	21.3	105.6	687.7
Index	-1.3	6.2	-1.3	1.9	27.5	30.4	71.2	211.3

Source: Morningstar.

* Index source: FTSE International Limited (“FTSE”) © FTSE 2024

**Cumulative since Manager appointment in December 2000

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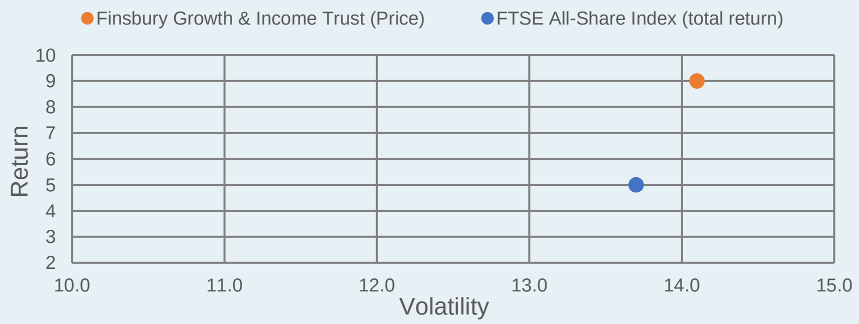
Return vs Volatility (Annualised since Appointment of Lindsell Train: December 2000) – Chart (%)



Dividend Growth – 5 Years History

	2019	2020	2021	2022	2023
Dividend Rate	16.6p	16.6p	17.1p	18.1p	19.0p
YoY% Growth	8.5	-	3.0	5.8	5.0

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

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

2nd Interim paid 10 Nov 23 :(Year ended Sep 23) 10.5p

****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 January, the NAV was down 0.3% on a total return basis and the share price was down 1.9%, on a total return basis, while the index was down 1.3%.

In the first month of the new year, we think it significant that data and software companies continue to perform well. The portfolio's best performing holdings in January were all businesses of this type – scientific, legal and risk data owner RELX was up 4.9%, consumer financial platform Hargreaves Lansdown and credit bureau Experian were up 4.3% and 3.4% respectively, and accounting solutions provider Sage's shares gained 1.6%. Together they contributed to the portfolio's return of -0.31%, which outperformed the FTSE All-Share's -1.3%. This continued strength in our collection of 'AI beneficiaries' seems to offer a timely opportunity to discuss the theme in more detail.

The boom in digitization in recent decades and the subsequent explosion of data has fueled another boom – one in the value of companies best placed to aggregate and make sense of this data. An important part of this tech advancement is the recent leap forward in artificial intelligence (AI), i.e. the combination of machine learning algorithms and large datasets, which together generate predictions, classifications and insights which enhance problem-solving. In other words, AI offers users the ability to make sense of large pools of data faster, more efficiently, more accurately and more impactfully than ever before.

Gaining access to companies that are likely to be beneficiaries of technological advancements has been a key investment theme in Finsbury's portfolio for well over a decade, but it's become even more of a focus in recent years as the pace of advancement has accelerated. As at 31 January, 51% of the portfolio is made up of six holdings (Sage, RELX, Experian, London Stock Exchange Group (LSEG), Hargreaves Lansdown and Rightmove) which all have credible opportunities to use AI to build on their substantial histories and very successful existing products. All six are dominant in their respective industries and have long track records of value creation. LSEG's share price total return CAGR has been 20%, while RELX and Sage's have been 13% and 12% respectively. These three companies have been held in the portfolio since the early 2000s.

There are a number of characteristics that we think are important for a company to have if it is to succeed in using AI to improve its business, and top of that list is ownership of a market-leading dataset. Fundamentally, algorithms and tools are only as good as the datasets that they are run across, so we think that it's crucial that all six of our 'digital winners' are industry leaders with large and established installed bases and – most importantly – wide and deep pools of unique data whose value is very likely to be enhanced by the application of AI.

RELX, for example, owns one of the world's most unique and valuable collections of scientific, legal and risk data. 1.7 million new legal documents are added to its LexisNexis database every day, and the data the company handles overall is doubling every year. LSEG is the biggest global provider of real-time financial market data – which is one reason Microsoft decided to enter a partnership with it to develop generative AI models. Experian holds credit data on 1.4 billion individuals and 191 million businesses across the world, and its CEO says that the company has almost more opportunities to create new services from that data than it can deal with. LSEG isn't the only UK company working with Microsoft – Sage and Microsoft are working together to develop an AI tool, 'Copilot', which reflects the quality of Sage's data. Hargreaves Lansdown's customer base is the largest of its kind in the UK and the company sees 393 million digital visits every year. And finally, Rightmove is the dominant UK property portal with an unequalled 85% share of consumer traffic, which over time has gone into building the largest and most detailed data set in the industry.

The second characteristic we view as important for AI success is global reach – broadly speaking, the bigger the audience or customer base, the richer and more valuable the data. RELX, LSEG and Experian are UK listed but are all unquestionably global businesses, with the majority of their revenues originating from the US. Perhaps more surprising is that Sage, too, now has the US as its largest geography, accounting for 40% of revenues and predicted to grow at 16% this year. The two exceptions are Hargreaves Lansdown and Rightmove, which are both very much UK-focused. However, we think that in both cases their extensive UK reach combined with the size of the domestic opportunity makes them attractive prospects in their own right.

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The next characteristic is a willingness to invest a substantial amount into AI-specific research and development. In all six cases, we would highlight that the investment has not only come in the form of money but also time – for example, RELX's progress represents over a decade of investment into AI, while Sage established an AI division five years ago. The two final characteristics are a revenue stream comprised of recurring payments for workflow tools rather than an emphasis on transactions, and a customer base made up of businesses rather than consumers. We specifically seek recurring revenues in our companies more generally, as we recognize that they tend to be stickier and investors value them more highly, and so are confident that all six 'digital winners' are broadly skewed towards this favourable dynamic. Our thinking behind the final point is that the real value of datasets is the insights and tools which those datasets can be used to generate – and that those tools tend to become more embedded into the workflows of business customers, who are happy to pay for mission-critical functionality. We think that all of the companies fit this profile except for Hargreaves Lansdown, whose customers are UK savers and investors. Perhaps AI can be used to improve the user experience on the platform, resulting in a shorter time to have a query answered, or a simplified process for pensions or ISA transfers. Theoretically these could be counted as value-additive workflow tools. We'll see.

Overall our thinking is that for each of these companies, their ability to leverage AI can become – or is already becoming – a competitive advantage and a point of differentiation that will continue to keep them ahead of their competitors. Ultimately what AI will allow them to do is to create new products to sell to their customers – and it's this idea that contributed to our initiation in Rightmove late last year, our first new holding since 2020. This is a company that its own CEO calls "basically a data business" and its 85% share of consumer traffic adds up to 2.2 billion visits every year – 85% of which come directly to the site, i.e. not through Google or another search engine. This makes Rightmove's audience uniquely large, uniquely engaged and uniquely high-quality, and its subsequent cache of data from all those billions of visits is correspondingly high quality. The company can then use this data to develop more and more paid-for tools, products and services for its estate agency customers (for example, tools to improve accuracy and speed of valuation), cementing Rightmove even further as a critical part of its customers' workflows.

But what of the rest of the portfolio? While the most advantaged companies from an AI specific perspective are unquestionably data owners and we don't expect the c.40% of the portfolio invested in premium and trusted consumer brands to benefit as directly from the technology advancements described above, we nevertheless do think that on a macro level these advancements will deliver an enormous global productivity and wealth dividend. History tells us that when there is more leisure time and wealth to go around, the newly wealthy have always spent their money on desirable consumer brands: it's no accident that the earliest trademark systems and the world's first advertising agency were established in the 1860s, in the wake of the Industrial Revolution. We believe that today's technological advancements will bring the same benefits to the owners of premium and luxury brands such as Johnnie Walker and Burberry. And at the same time, millions of people globally will also be lifted out of poverty and into the newly aspirational middle classes. So why not be optimistic about more demand for Cadbury in India and Unilever's personal care brands in Indonesia as well as demand for Diageo's reserve brands and Burberry's luxurious raincoats?

To sum up, the UK is often accused of lacking tech winners, but we feel fortunate that we are able to gain access to so many world class companies listed on the LSE with a credible opportunity to benefit from continuing digitization and the advancement of AI. Taken together, Sage, RELX, Experian, LSEG, Hargreaves Lansdown and Rightmove account for a mere 7.5% of the UK index – making Finsbury's 53% exposure a significant differentiator. Over time we expect that percentage to increase as we continue to build the position in Rightmove, and remain alert to the possibility of finding and holding other UK listed owners of unique and valuable proprietary data.

Author: Madeline Wright, Deputy Portfolio Manager

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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.

Target Market

The Company is suitable for investors seeking an investment that aims to deliver total returns over the longer term (at least five years), is compatible with the needs for retail clients, professional clients and eligible counterparties, and is eligible for all distribution channels.

The Company may not be suitable for investors who are concerned about short-term volatility and performance, have low or no risk tolerance or are looking for capital protection, who are seeking a guaranteed or regular income, or a predictable return profile. The Company does not offer capital protection.

Value Assessment

Frostrow Capital LLP has conducted an annual Value Assessment on the Company in line with Financial Conduct Authority (FCA) rules set out in the Consumer Duty regulation. The Assessment focuses on the nature of the product, including benefits received and its quality, limitations that are part of the product, expected total costs to clients and target market considerations.

Within this, the assessment considers quality of services, performance of the Company (against both benchmark and peers), total fees (including management fees and entry and exit fees as applicable to the Company), and also considers whether vulnerable consumers are able to receive fair value from the product.

Frostrow Capital LLP concluded that the Company is providing value based on the above assessment.

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").