

Finsbury Growth & Income Trust PLC



Portfolio Manager

Nick Train

LINDSELL TRAIN



Fund Information as at 31 August 2017

www.finsburygt.com

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Investment Objective and Benchmark Index

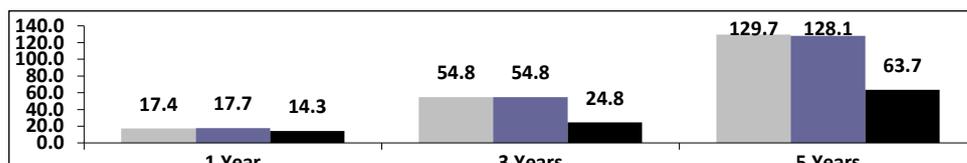
Finsbury Growth & Income Trust PLC invests principally in the securities of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of its benchmark, the FTSE All-Share Index (net dividends reinvested).

Cumulative Performance (%)

Trust: Finsbury Growth & Income Trust PLC – NAV (total return)

Trust: Finsbury Growth & Income Trust PLC – Share Price (total return)

Index: FTSE All-Share Index (net dividends reinvested) *



Discrete Performance – Calendar Years (%)

Percentage Growth	2012	2013	2014	2015	2016	YTD
NAV	23.6	35.1	6.9	11.7	12.5	17.4
Share Price	25.4	35.1	5.9	12.4	12.6	17.2
Index *	12.3	20.8	1.2	1.0	16.8	8.2

Source: Morningstar. Past performance is not a guide to future performance.

* Index source: FTSE International Limited ("FTSE") © FTSE 2017

Commentary

In August, the NAV was up 2.6% on a total return basis, the share price was up 2.5% while the index was up 1.4%.

We started a new holding, the first in two years, in Manchester United (MANU). We accessed a block of the quoted shares from the Glazer family itself, where some family members wanted to sell for "estate planning" purposes. This was helpful, because otherwise the shares are tightly held. The market capitalisation is \$2.7bn, but of this only c\$700m is accessible by portfolio investors like us. The fact that some family members were willing to sell suggests that they knew of no imminent reason for the shares to go up a lot. Indeed you might argue that the sale implies that they don't regard the shares today as particularly undervalued. To put our purchase in context: MANU floated in August 2012 at \$14 and has been as high as \$19.4, back in 2014. The average price since 2012 is \$16.3. We paid just below \$17 – so 12% off the high of 3 years ago, but a bit up on the average price of the last 5 years. So, we certainly don't feel we've paid top dollar for a fashionable, hot stock. Far from it, the shares have been stuck in a bit of a rut. It is worth noting that over those years of moribund share price MANU's financial position has meaningfully improved – adjusted EBITDA has more than doubled, while net debt of c£366m is down and interest costs, at around 13% of EBITDA, have halved, as a result of favourable refinancings. The company has also begun paying a dividend. Nonetheless, we can sympathise with those family members who were prepared to sell. We don't see any short term reason for the shares to pop and we accept they do not look undervalued, certainly on conventional measures of investment value. Yet we are delighted to have made the investment – indeed I would say relieved we have been able to make the investment. And we expect, over time, this to be a very rewarding commitment of your capital. The reason is that Technology is upending the Media industry, but creating extraordinary new value for some participants. We want to be involved. We watch in awe as Amazon and Netflix invest billions of dollars annually into the commission of new entertainment "content" – reputedly \$4bn and \$6bn respectively. This has turned into a kind of arms race to attract the highest number of eyeballs and subscribers to competing platforms and devices. A race we expect traditional broadcasters, including cable and satellite to lose. In this context and the context of the \$100s of billions of market capitalisation in global Internet and Telecommunication companies, we regard the current market cap of MANU, that c\$2.7bn, as low. Certainly low relative to the global following and fascination with the MANU franchise and to the priceless (virtually) strategic value to broadcasters of live sports. We like this quote, from James Montague's recent book "The Billionaires Club" – he says US investors see British football clubs as "entertainment products; a studio from which a never-ending series every bit as engrossing as The Wire or The Sopranos plays out season after season. And the best bit? The network will never cancel it." Note that Facebook is known to have been a recent, failed bidder for streaming rights to Indian IPL cricket matches. It will not be long now before an Internet giant bids against an incumbent football rights holder. The ramifications for traditional media companies will be massive, but through the turmoil we expect the value of strongly-franchised football clubs to rise. Earlier this month the Houston Rockets, an NBA team, was sold for \$2.2bn. This is a new record for a basketball franchise. The seller, Leslie Alexander, had bought it for \$85m in 1993. It is worth recalling MANU had a stock market value of below £20m in 1993, so like the Rockets it too has been radically revalued. One reason is the latest deal to televise basketball, which has just trebled revenues for the NBA. The Rockets generate c\$250m of revenues, meaning the franchise has been sold at c9.0x annual sales. If MANU is as valuable as the Rockets – and we think in truth its global reach makes it far more valuable – then it would command a value of well over \$5bn; more than double the current market capitalisation. This is the scale of the opportunity we see.

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 approximately 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 worldwide. 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 Control Mechanism

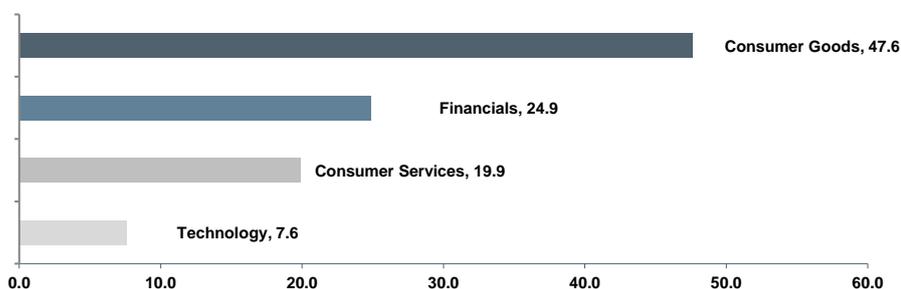
The Directors have adopted an active discount management policy to establish and support an improved rating in the Company's shares through the use of share buybacks, with a view to limiting the discount to NAV per share at which the shares trade to no more than 5%. Shares bought back may be held in 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 net asset value 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 August 2017 (% of total investments)

Name	Sector	Total
Unilever	Consumer Goods	10.5
Diageo	Consumer Goods	10.4
RELX	Consumer Services	9.4
London Stock Exchange	Financials	8.8
Burberry Group	Consumer Goods	6.9
Heineken	Consumer Goods	6.8
Hargreaves Lansdown	Financials	6.4
Schroders	Financials	6.2
Sage Group	Technology	5.5
Mondelez Int.	Consumer Goods	5.3
Total		76.2

Sector Breakdown as at 31 August 2017 (%)



Share Price Total Return on £100 (£) as at 31 August 2017

1 year	117.7
3 years	154.8
5 years	228.1

Source: Morningstar. Past performance is not a guide to future performance.

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Aug 12- Aug 13	Aug 13- Aug 14	Aug 14- Aug 15	Aug 15- Aug 16	Aug 16- Aug 17
NAV	34.5	10.3	9.6	20.4	17.4
Share Price	34.5	9.6	9.8	19.9	17.7
Index	18.9	10.3	-2.3	11.7	14.3

Awards

Winner: Money Observer, Best UK Income Trust Awards 2017
Winner: What Investment Trust 2016, Best UK Investment Trust
Winner: Moneywise, Investment Trust Of The Year Awards 2016, 2015
 Category: UK Equity Income
Winner: FT & Investors' Chronicle Awards 2015, Best Income Fund
Winner: Investment Week, Investment Company Of The Year Awards 2016, 2015
 Category: UK Equity Income

Important Information

Finsbury Growth & Income Trust PLC (the "Company") is a UK investment trust premium listed on the London Stock Exchange and is a member of the Association of Investment Companies. As this Company may implement a gearing policy investors should be aware that the share price movement may be more volatile than movements in the price of underlying investments. 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 not get back the original amount invested. There can be no assurance that the Company's investment objective will be achieved and investment results may vary substantially over time. 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. Investment Trust share prices may not fully reflect underlying net asset values. There may be a difference between the prices at which you may purchase ("the offer price") or sell ("the bid price") a share on the stock market which is known as "bid-offer" or "dealing" spread. This is set by the market makers and varies from share to share. This spread typically averages 1-2% each way on the mid-market price (the price halfway between the bid and offer prices), and can fluctuate and at times be higher than average. Net Asset Value per share is calculated in accordance with the guidelines of the Association of Investment Companies. Net assets are stated inclusive of income received. Any opinions on individual stocks are those of the Company's Investment Manager and no reliance should be given on any such views. Any research in this document has been procured and may have been acted upon by Lindsell Train Limited for its own purposes. The results are being made available to you only incidentally. The views expressed herein do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of Frostrow Capital LLP and no assurances are made as to their accuracy. Before investing in an investment company referred to in this document, you should satisfy yourself as to its suitability and the risks involved, and you may wish to consult a financial adviser.

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Fast Facts

As at 31 August 2017

Launch Date	1926
Annual Management Fee (payable by the company) †	
Ongoing charges*	0.7%
Year / interim end	30 September/ 31 March
Capital Structure	157,275,712 Ordinary shares of 25p

Trust Characteristics

Number of Holdings	26
Net Assets (£m)	£1,179.6m
Market Capitalisation (£m)	£1,187.4m
Dividend Per Share**	13.8p
Current Net Yield	1.8%
Gearing (AIC basis)	2%
Leverage***	
Gross & Commitment	102%
Share Price (p)	755.00
NAV (p) (cum income)	750.00
Premium / (Discount) to NAV (p)	0.7%

Codes

Sedol	0781606
ISIN	GB0007816068
Legal Entity Identifier	213800NN4ZKX2LG1GQ40
Bloomberg	FGT LN
Epic	FGT

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

**1st Interim paid 10 May 17 : (Year ended Sep 16) 6.8p
 2nd Interim payable 11 Nov 16 : (Year ended Sep 16) 7.0p

***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% of the market capitalisation of the company that is equal to or less than £1 billion, 0.405% in excess of £1 billion.

Frostrow – 0.15% of the market capitalisation of the company that is equal to or less than £1 billion, 0.135% in excess of £1 billion. Frostrow also receives a fixed fee of £70,000 per annum but this will cease to be payable with effect from the 1st of October.

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