Winterflood

Fund Insight

Finsbury Growth & Income Trust (FGT)

Focus on UK Digital Winners

September 2025 | Winterflood Research | researchcontact@winterflood.com

Dashboard

Team & Strategy

Investment Objective: FGT aims to achieve capital and income growth by investing in a highly concentrated portfolio of predominantly UK equities, with a low turnover approach.

Team: The fund has been managed by Nick Train, who has over 40 years' investment management experience, since December 2000. He is supported by deputy manager Madeline Wright.

Philosophy: The investment approach is based on that of Warren Buffett and involves building a concentrated portfolio of high-quality business and holding them for the long term.

Dividend: The fund aims to increase or at least to maintain the total dividend each year. The historical yield is currently 2.2%.

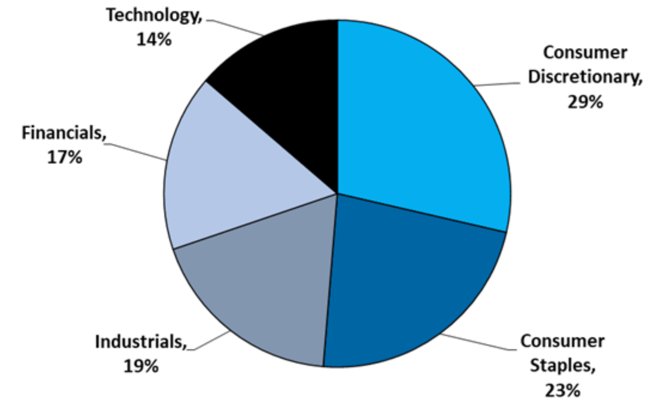
Recent Developments: In light of a sustained period of underperformance, the Board will hold a continuation vote at the AGM in January 2026.

Portfolio: Top 10 Holdings

Top 10	% of Net Assets
Experian	12.9%
RELX	12.4%
Sage Group	11.9%
London Stock Exchange	10.2%
Unilever	9.9%
Diageo	9.0%
Rightmove	9.0%
Burberry Group	5.7%
Schroders	4.4%
Intertek Group	3.5%
Total	**88.9%**

Source: FGT, Winterflood Securities. Data as at 31 July 2025

Portfolio: Sector Breakdown (%)



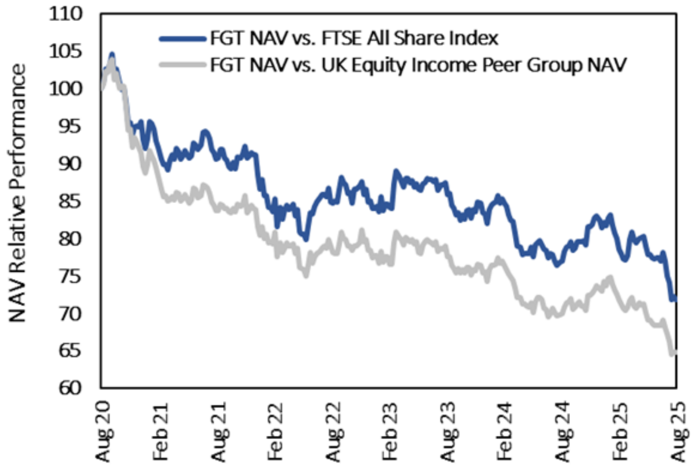
Source: FGT, Winterflood Securities. Data as at 31 July 2025

Key Figures

£1.2bn	Market Capitalisation (29 Aug 2025)	21	No. of holdings (31 Jul 2025)
-7%	Discount to NAV (29 Aug 2025)	86%	Active Share vs FTSE All Share (31 Jul 2024)
0.61%	Ongoing Charges (% of NAV) (FY to 30 Sep 2024)	38 Yrs	Average Holding Period (10Y to 30 Sep 2024)
£307m	Buybacks over LTM (29 Aug 2025)	4.1%	Lead Manager Share Ownership (4 Aug 2025)

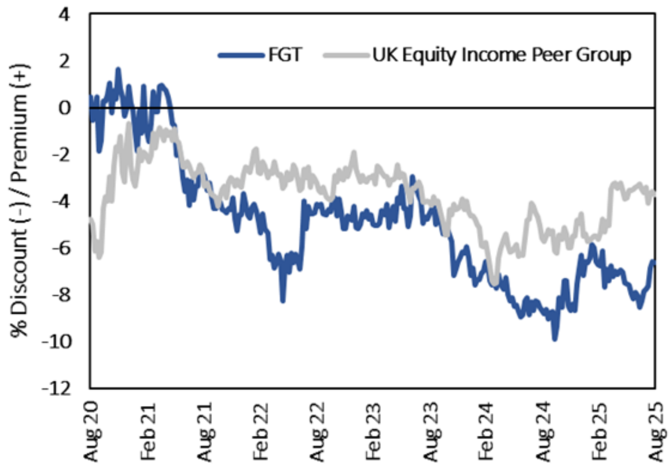
Source: FGT, Morningstar, Winterflood Securities.

Performance



Source: Morningstar, Winterflood Securities. Data as at 29 August 2025

Discount / Premium (%)



Source: Morningstar, Winterflood Securities. Data as at 29 August 2025

Note: *Past performance is not a reliable indicator of future results*

Our Insight

Challenges:

Concentrated Portfolio: FGT's portfolio is highly concentrated, with the top 10 holdings accounting for c.90% of net assets. As such, the fund is exposed to significant stock-specific risk and performance is likely to differ considerably from that of a broader UK market index and of more diversified peers.

Low Yield: As a result of its bias towards 'growth' stocks, the fund's 2.2% dividend yield is the lowest in the 18-strong UK Equity Income peer group and is also lower than the average yield of the FTSE All Share (3.4% as at 31 July). As such, there are likely to be more suitable options for investors seeking an above-average income return.

Underperformance: Over the last five years, FGT has notably underperformed its benchmark and is the worst performer in the peer group in NAV total return terms. This may trigger the Board to take action, such as a potential change of manager or investment approach, which may result in a change in exposure for shareholders. However, we note that the Board has already demonstrated good corporate governance in recognition of this underperformance, having scheduled a continuation vote for January 2026. Any further action is unlikely to occur prior to the continuation vote.

Advantages:

Discount Control: The fund's shares are currently trading at a c.7% discount, whereas they have traded close to NAV for sustained periods in the past. Downside risk from the current level is limited by the discount control policy, which seeks to limit the discount to 5% and has seen c.40% of share capital repurchased since mid-2021. The upcoming continuation vote in January 2026, which is an example of good corporate governance and a benefit of having an independent Board, should provide additional support to the rating and offers shareholders an opportunity to express any discontent.

Shareholder Alignment: Nick Train has a significant personal shareholding in FGT (>4% of shares), which demonstrates his conviction in the strategy and represents strong shareholder alignment. The fact that management fees are charged on market cap, rather than net assets, also offers good shareholder alignment, as the team is incentivised to deliver strong share price returns rather than to simply grow assets.

Long-Term Approach: The fund's long-term, high conviction investment approach is well-suited to the closed-ended fund structure, as there is no requirement to manage inflows and outflows. The low-turnover approach also helps to control costs.

Our Insight:

Buffet-Inspired 'Best Ideas' Portfolio: FGT's investment philosophy is based on that of Warren Buffett, aiming to build a concentrated portfolio of high-quality growth business listed in the UK. This strategy has experienced a challenging period of returns over the last five years, but may be attractive for investors looking to benefit from a re-rating of the core UK market, as the companies in FGT's portfolio may well benefit more than the broader index, especially if quality and growth factors return to prominence.

Use of Structure: The fund utilises the investment trust structure, through the use of gearing (albeit limited), following a highly long-term approach and maintaining a concentrated portfolio. This has led to the investment trust outperforming its open-ended fund (WS Lindsell Train UK Equity Fund) over the last one, three, five and ten years.

Experienced Manager: Nick Train has considerable experience, having started his investment management career in 1981. As such, he is well-placed to navigate a range of market environments and maintain a long-term view. However, his high profile and long tenure also adds an element of 'key man risk', with the potential for selling pressure in the event of his retirement.

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Team & Strategy

Team & Strategy

Team: Finsbury Growth & Income Trust (FGT) has been managed by Nick Train of Lindsell Train since December 2000. Nick Train began his career as an investment manager at GT Management in 1981, and his previous roles include being Head of Global Equities at M&G. He co-founded Lindsell Train in 2000, alongside Michael Lindsell, with whom Nick had worked for eight years previously. Nick is part of a six-strong investment team and is supported by deputy portfolio manager, Madeline Wright.

Objective: To achieve capital and income growth, providing a total return in excess of the FTSE All Share Index, by investing in a portfolio of predominantly UK equities.

Philosophy: The investment philosophy is based on that of Warren Buffett and involves building a concentrated portfolio of what the manager believes are *"exceptional"* business. The characteristics that define a quality company for the managers of FGT are durability, high return on equity and low capital intensity/high free cash flow generation.

Process: The managers aim to buy stocks that are priced below their estimate of the company's true worth, and then hold them for the long term, regardless of short-term volatility. Holdings are only sold if the team no longer considers them quality companies or when they become too large a proportion of the portfolio. This investment approach results in extremely low portfolio turnover.

Dividend: The fund pays semi-annual dividends and its aim is to increase or at least to maintain the total dividend each year. It delivered annualised dividend growth of +5.7% over the last ten financial years to 30 September 2024.

Gearing: Limited gearing usage, subject to a limit of 25% of net assets, with a maximum of 10% of gross assets able to be held in cash. FGT had net gearing of 1.7% as at 31 July 2025.

Fees: The fund charges a tiered annual management fee of 0.45% of market cap up to £1bn, 0.405% between £1bn and £2bn, and 0.36% thereafter. There is no performance fee. Additionally, AIFM services provider Frostrow receives a fee of 0.15% p.a. of the fund's market cap up to £1bn, reducing to 0.135% up to £2bn and to 0.12% thereafter. *Note: shareholders do not pay these costs directly.*

The Managers Say:
"A way to generate exceptional returns is to run a highly concentrated portfolio, concentrated on exceptional businesses"

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Portfolio

Portfolio: Characteristics

Concentration: The portfolio is managed on a highly concentrated basis, normally comprising up to 30 equity holdings. It contained just 21 stocks at the end of July, when the top ten holdings accounted for 89% of the portfolio. The active share relative to the FTSE All Share is 86%.

Sector Exposure: FGT's largest sector exposure is Consumer Discretionary (29% as at 31 July), followed by Consumer Staples (23%), Industrials (19%), Financials (17%) and Technology (14%).

Geographic Exposure: The fund can invest up to 20% of the portfolio, at the time of acquisition, in non-UK companies, and historically the overseas allocation has been close to this limit. However, there are currently no overseas holdings in the portfolio as Nick Train finds that UK equities are trading at material discounts to global peers.

Valuations[1]**:** The portfolio's weighted average 12-month forward Price-to-Earnings (P/E) ratio was c.24x as at 30 June 2025, which is higher than the FTSE All Share Index (14x). However, the portfolio's Return on Equity (ROE) of c.31% is also considerably higher than that of the index (10%).

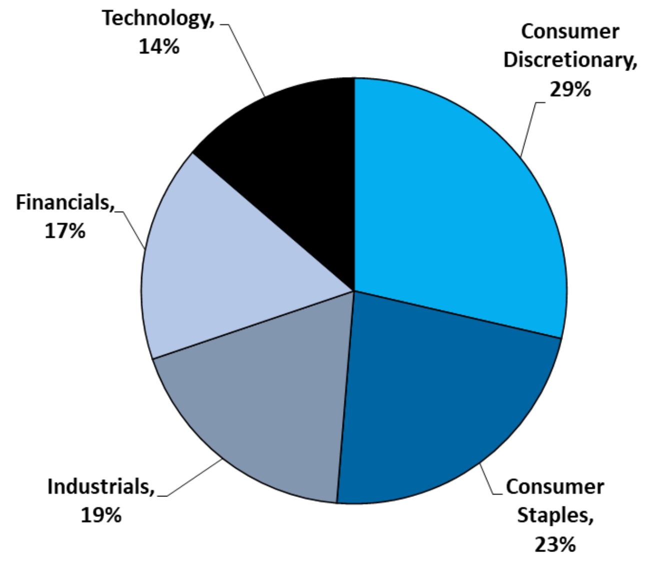
Portfolio Turnover: Over the last ten financial years to 30 September 2024, portfolio turnover has varied between 0.1% (FY15) and 7.1% (FY24) and has averaged 2.7%, which represents an average holding period of 38 years and is consistent with the manager's long-term investment approach.

[1] Source: Lindsell Train, Bloomberg. Data as at 30 June 2025. Fund averages are approximate and indicative only.

Top 10 Holdings	Sector^	% of Net Assets
Experian	Industrials	12.9%
RELX	Consumer Discretionary	12.4%
Sage Group	Technology	11.9%
London Stock Exchange	Financials	10.2%
Unilever	Consumer Staples	9.9%
Diageo	Consumer Staples	9.0%
Rightmove	Consumer Discretionary	9.0%
Burberry Group	Consumer Discretionary	5.7%
Schroders	Financials	4.4%
Intertek Group	Industrials	3.5%
Total		**88.9%**

Source: FGT as at 31 July 2025. ^As categorised by FGT

Sector Allocation (% of Portfolio)



Source: FGT as at 31 July 2025

The Managers Say:
"No open-ended fund in the UK could run its winners for as long as we can"

Portfolio: Highlights

Digital Winners: There has been a shift in portfolio composition over the last five years, with a notable increase in exposure to UK-listed companies that sell software services or data analytics tools globally. As at 31 March 2025, the fund had a 62% allocation to 'UK Digital Winners' (e.g. RELX, London Stock Exchange Group, Clarkson) and 29% to 'UK Consumer Companies' (e.g. Unilever, Diageo, Burberry). FGT's c.60% allocation to the 'Digital Winners' theme is significantly higher than the estimated c.8% exposure in the FTSE All Share, driven by the fact that Nick Train believes that changes in technology are increasing the value of companies that own, create or curate proprietary data, as they are using these data sets to create new revenue streams. The increased exposure to the Digital Winners theme was partially funded by a deliberate decrease in the allocation to consumer brands, albeit the managers continue to like these companies on a selective basis, with a preference for those with exposure to premium/luxury.

Additions: Earlier this year, market weakness in reaction to tariff concerns provided FGT with an opportunity to initiate and add to new holdings. These included Clarkson (0.8% of portfolio as at 31 March; 2.1% as at 31 July) and Intertek (1.8% as at 31 March; 3.5% as at 31 July), which are both viewed as being world-class companies that have global client bases but just happen to be listed in London. Another newly initiated holding is Autotrader (currently c.2%), where Nick Train highlights the vast number of customers on the platform, enabling the company to utilise this proprietary data to sell more products and services.

Sales: These purchases were predominantly funded by the proceeds of the sale of Hargreaves Lansdown (4.8% of portfolio as at 31 December 2024) to private equity in April. In addition, proceeds were generated by the trimming of certain positions, including Experian and RELX, when they exceeded 12.5% of NAV, in line with the fund's portfolio construction protocols. Nick Train aims to reinvest the proceeds from the trimming of digital businesses into other holdings in the same category to ensure the exposure to the 'Digital Winners' theme is maintained.

The Managers Say:
"There are some globally highly significant companies that we own in Finsbury participating in the AI theme"

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Performance, Rating & Yield

Performance

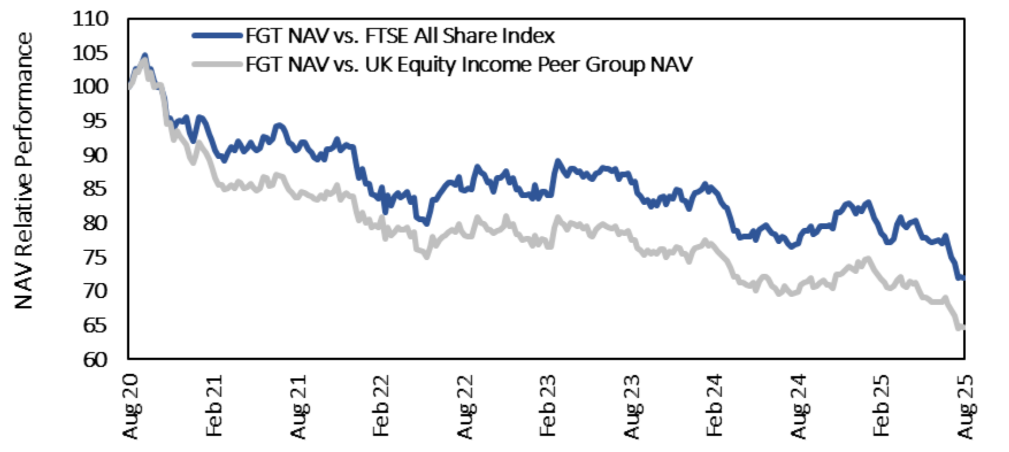
Note: *Past performance is not a reliable indicator of future results*

Track Record: Over the 10 years to the end of August 2025, FGT generated a NAV total return of +112% and a share price total return of +97%, compared with +108% for the FTSE All Share Index. The fund outperformed the FTSE All Share Index in 16 of the first 20 calendar years under Nick Train's management (2001 – 2020), but has underperformed over the last four full calendar years (2021 – 2024) and is underperforming in 2025 year-to-date.

Market Conditions: FGT's portfolio is tilted towards higher-growth stocks, and is therefore likely to perform better during periods when 'growth' investing is more in favour, such as in the low interest rate environment from 2010 to 2020. However, the extremely concentrated portfolio means that absolute and relative performance will primarily be driven by the fortunes of individual holdings, rather than broader market conditions. FGT outperformed the FTSE All Share in 16 of the 20 calendar years between 2001 and 2020, with the MSCI UK Growth Index only outperforming the MSCI UK Value Index in 10 of these 16 years, demonstrating the fund's ability to outperform even in a broadly negative environment for growth stocks.

Stock Drivers: Two key stock detractors in the first half of 2025 were Diageo and London Stock Exchange Group (LSEG), but Nick Train retains conviction in both holdings, believing that the investment theses remain intact and are potentially stronger than ever. Conversely, positive stock contributors in H1 2025 included Burberry and Rightmove.

5-Year Relative NAV Performance



Source: Winterflood Securities, Morningstar, FTSE as at 29 August 2025

	Total Return (£)						
	YTD	2024	2023	2022	2021	2020	2019
FGT (NAV)	0.4%	7.7%	5.8%	-6.5%	13.0%	-2.0%	23.1%
FGT (Share Price)	0.7%	6.9%	3.9%	-6.0%	6.9%	-0.7%	21.8%
FTSE All Share Index	14.5%	9.5%	7.9%	0.3%	18.3%	-9.8%	19.2%
UK Equity Income Peer Group (NAV)	13.6%	10.8%	9.9%	0.0%	23.2%	-5.2%	16.3%

Source: Winterflood Securities, Morningstar, FTSE as at 29 August 2025

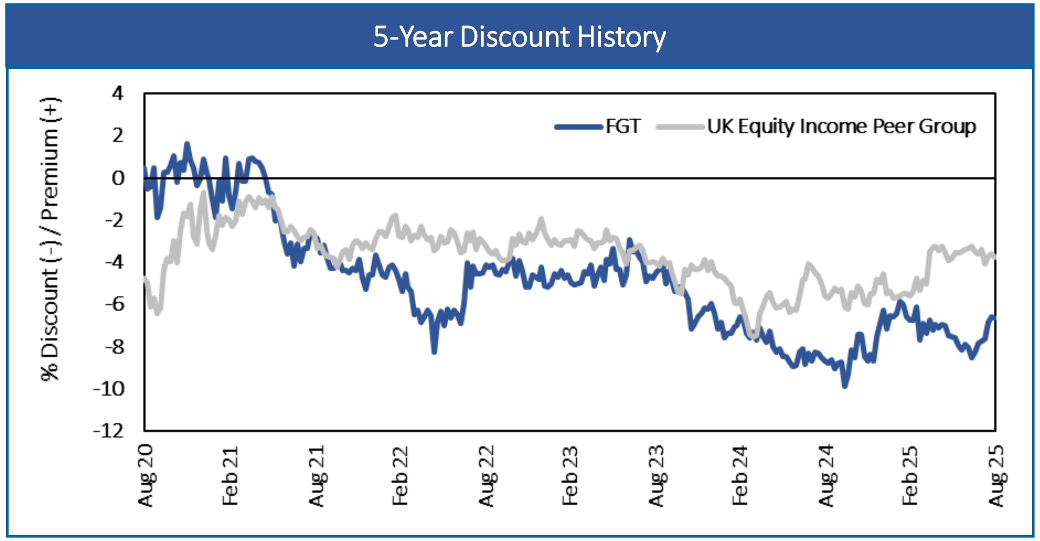
Rating & Yield

Rating: The fund traded at a -6.7% discount as at 29 August 2025, compared with a 1-year average discount of -7.6%, a 5-year average discount of -5.0% and a 10-year average discount of -2.3%. This compares to a current UK Equity Income peer group weighted average discount of -3.7%.

Discount Control: The Board aims to use share buybacks to limit the discount to 5%. There is also a share issuance programme to control the premium.

Issuance & Buybacks: Over the five years to the end of 2020, FGT's shares traded at an average premium of +0.4%. Over this period, the fund issued a total of 96.8m shares at a premium to NAV, generating proceeds of £739m. Shares were only repurchased on one occasion, in June 2016 just before the EU referendum (50,000 shares bought back for £300,000). Since mid-2021, FGT has traded at an average discount of -6.0%, and the Board has repurchased a total of 88.6m shares, at a cost of £760m, equivalent to 39% of the starting share capital.

Dividends: The fund pays semi-annual dividends and its aim is to increase or at least to maintain the total dividend each year. It has delivered annualised dividend growth of +5.7% over the last ten financial years to 30 September 2024. The total dividend of 19.6p declared in respect of the 2024 financial year represented a +3.2% increase from the previous year and a dividend yield of 2.2% on the current share price (as at 29 August 2025).



Source: Winterflood Securities, Morningstar as at 29 August 2025

	Revenue & Dividends								
	FY24	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16
Revenue Return per Share (p)	20.8	20.0	20.6	18.1	16.5	18.3	16.5	15.8	15.2
Dividend Cover	106%	105%	114%	106%	99%	110%	108%	111%	116%
Ordinary Dividend per Share (p)	19.6	19.0	18.1	17.1	16.6	16.6	15.3	14.2	13.1
Dividend Growth YoY	3.2%	5.0%	5.8%	3.0%	0.0%	8.5%	7.7%	8.4%	8.3%
Dividend CAGR FY16-24	5.2%								

Source: Winterflood Securities, FGT as at 30 September 2024

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Peer Group

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Peer Group: Composition

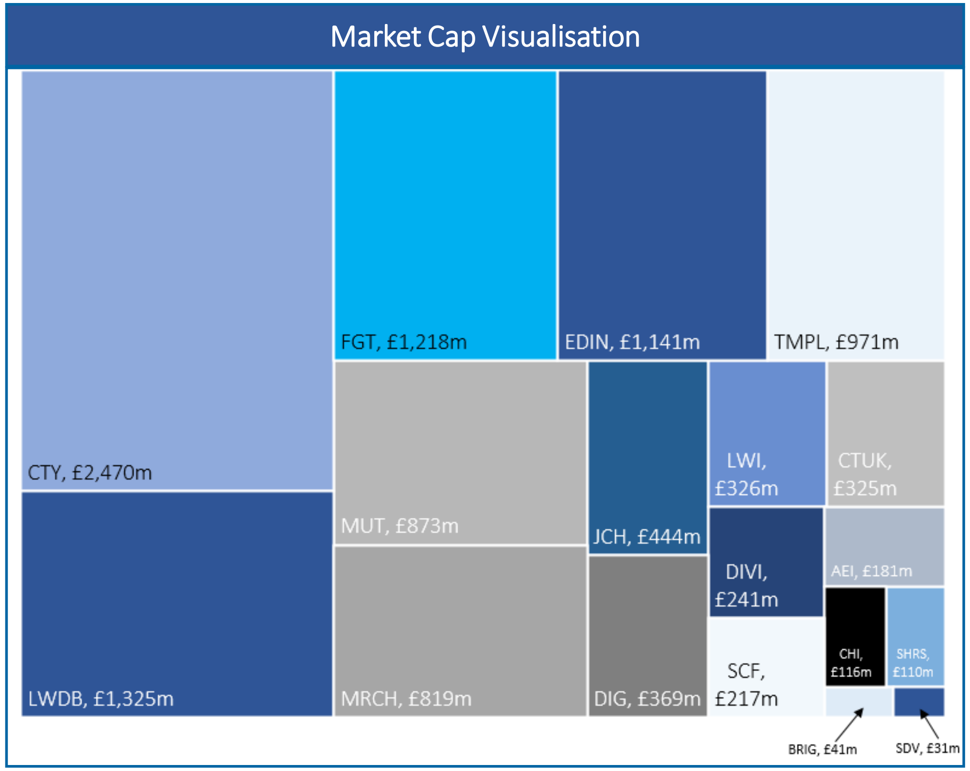
The **UK Equity Income** peer group contains 18 investment trusts, with a range of investment approaches and styles. FGT is differentiated from its peers by its bias to higher growth stocks, as well as its concentrated portfolio.

Concentration: The peer group contains the following funds, with FGT being notably the most concentrated in terms of the proportion of NAV invested in the top 10 holdings in the portfolio:

Ticker	Name	% of Portfolio in Top 10 Holdings
AEI	Aberdeen Equity Income	41%
BRIG	BlackRock Income & Growth	48%
SDV	Chelverton UK Dividend	26%
CTY	City of London	40%
CHI	CT UK High Income	37%
CHIB	CT UK High Income B Class	37%
CTUK	CT UK Capital & Income	48%
DIVI	Diverse Income Trust	26%
DIG	Dunedin Income Growth	49%
EDIN	Edinburgh Investment Trust	46%
FGT	Finsbury Growth & Income*	89%
JCH	JPMorgan Claverhouse	35%
LWDB	Law Debenture	23%
LWI	Lowland	11%
MRCH	Merchants	40%
MUT	Murray Income	44%
SCF	Schroder Income Growth	30%
SHRS	Shires Income	40%
TMPL	Temple Bar	44%
	Average	40%
	Weighted Average	44%

Source: Winterflood Securities, Morningstar as at latest available date

Market Cap: FGT has the third largest market cap in the UK Equity Income peer group (£1.2bn as at 29 August 2025).

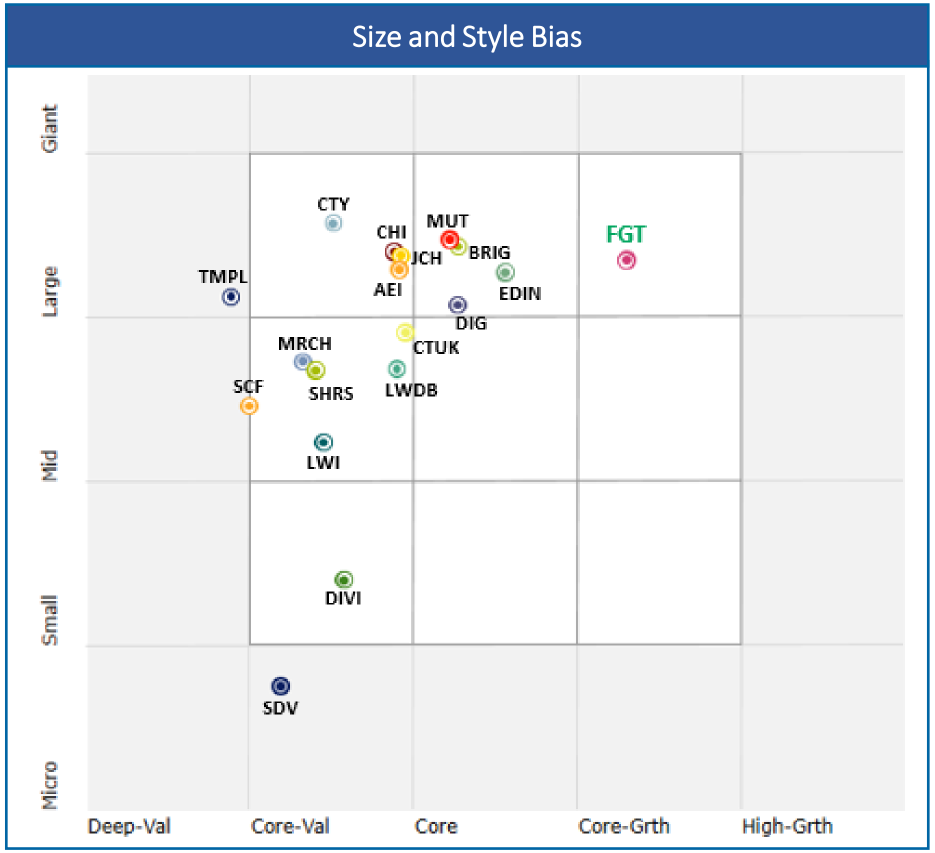


Source: Winterflood Securities, Morningstar as at 29 August 2025

Peer Group: Size & Style

Size: According to Morningstar, FGT is more large-cap oriented than the majority of its peers, although a number of funds are broadly in line with it on this metric.

Style: According to Morningstar, FGT has by far the most significant growth bias amongst all funds in the UK Equity Income peer group, with much of the peer group having a value bias.



Source: Winterflood Securities, Morningstar as at latest available data

Peer Group: Metrics

Rating: As at 29 August 2025, FGT was trading on a -6.7% discount to NAV, wider than the weighted average discount of -3.7% for the peer group.

Yield: The fund's 2.2% dividend yield (as at 29 August) is the lowest in the income-focused peer group, with a weighted average yield of 4.0% and a simple average of 4.8%.

Net Issuance[2]**:** FGT has bought back the most shares in the peer group, on a net basis, as a proportion of its current market cap (25% vs weighted average of 5%).

Cost: FGT's ongoing charges ratio is equal to 0.6% of net assets. This compares with a simple average for the peer group of 0.8% and a weighted average of 0.6%.
Please note that shareholders do not pay these costs directly.

Ticker	Name	Sector	Premium (+) / Discount (-) (NAV)	Average Premium (+) / Discount (-) 12m	Z-Score 12m	Market Capitalisation (£m)	Dividend Yield 12m	Gearing (+) / Net Cash (-) %NAV	Net Issuance 12m	Ongoing Charges incl. Perf Fee %NAV
AEI	Aberdeen Equity Income	UK: Equity Income	1.5%	-1.6%	1.5	181	6.2%	11.2%	1.2%	0.9%
BRIG	BlackRock Income & Growth	UK: Equity Income	-9.2%	-11.9%	1.7	40	3.6%	6.3%	-3.6%	1.2%
SDV	Chelverton UK Dividend	UK: Equity Income	-9.1%	-0.2%	-2.2	31	9.6%	-1.1%	4.7%	2.7%
CTY	City of London	UK: Equity Income	1.9%	-0.1%	1.3	2,470	4.3%	5.0%	0.3%	0.4%
CHI	CT UK High Income	UK: Equity Income	-3.9%	-2.3%	-0.4	86	5.8%	7.8%	2.5%	1.0%
CHIB	CT UK High Income B Class	UK: Equity Income	-8.5%	-6.1%	-0.6	29	6.1%	7.8%	-0.7%	1.0%
CTUK	CT UK Capital & Income	UK: Equity Income	-4.2%	-3.7%	-0.4	325	3.8%	2.2%	-4.1%	0.7%
DIVI	Diverse Income Trust	UK: Equity Income	-8.5%	-6.2%	-1.4	241	4.3%	-1.8%	0.0%	1.1%
DIG	Dunedin Income Growth	UK: Equity Income	-8.0%	-9.8%	1.1	369	4.8%	4.6%	-12.4%	0.6%
EDIN	Edinburgh Investment Trust	UK: Equity Income	-7.3%	-9.2%	1.3	1,141	3.6%	4.8%	-4.9%	0.5%
FGT	Finsbury Growth & Income*	UK: Equity Income	-6.7%	-7.6%	1.0	1,218	2.2%	2.0%	-25.2%	0.6%
JCH	JPMorgan Claverhouse	UK: Equity Income	-4.3%	-5.8%	2.2	444	4.4%	6.3%	-3.3%	0.6%
LWDB	Law Debenture	UK: Equity Income	-2.4%	1.2%	-3.2	1,325	3.4%	8.1%	1.2%	0.5%
LWI	Lowland	UK: Equity Income	-9.3%	-9.3%	0.0	326	4.4%	12.2%	-20.4%	0.7%
MRCH	Merchants	UK: Equity Income	-7.1%	-3.6%	-1.5	819	5.3%	10.6%	0.0%	0.5%
MUT	Murray Income	UK: Equity Income	-6.5%	-10.2%	2.3	873	4.5%	7.8%	-6.0%	0.5%
SCF	Schroder Income Growth	UK: Equity Income	-8.2%	-10.0%	1.4	217	5.2%	9.9%	-1.9%	0.8%
SHRS	Shires Income	UK: Equity Income	-5.3%	-7.2%	0.6	110	5.4%	15.5%	-3.2%	1.0%
TMPL	Temple Bar	UK: Equity Income	-0.3%	-4.8%	1.7	971	4.0%	5.7%	-0.5%	0.6%
	Average	UK: Equity Income	-5.6%	-5.7%	0.3	590	4.8%	6.6%	-4.0%	0.8%
	Weighted Average	UK: Equity Income	-3.7%	-4.6%	0.5		4.0%	6.0%	-4.8%	0.6%

Source: Winterflood Securities, Morningstar as at 29 August 2025

[2] Net share issuance (net share buybacks if negative) over the last 12 months as a percentage of current market capitalisation. Excludes issuance/buybacks resulting from IPOs, Tenders, Redemptions, Share Conversions, Consideration Shares and Treasury Share cancellations.

Peer Group: Performance

Note: *Past performance is not a reliable indicator of future results*

NAV Total Return: As at 29 August 2025, FGT's NAV total return over the last 12 months (+5%) was lower than the weighted average (+12%) return for the UK Equity Income peer group. Its performance is also below the peer group weighted average return over the last 3 years (+16% vs +39%) and the last 5 years (+28% vs +88%).

Share Price Total Return: As at 29 August, FGT's share price total return has also lagged the peer group weighted average over the last 1, 3 and 5 years.

			NAV Performance (Total Return)						Price Performance (Total Return)					
Ticker	Name	Sector	1M	3M	6M	1Y	3Y	5Y	1M	3M	6M	1Y	3Y	5Y
AEI	Aberdeen Equity Income	UK: Equity Income	2%	9%	14%	17%	25%	71%	3%	8%	18%	24%	44%	100%
BRIG	BlackRock Income & Growth	UK: Equity Income	-1%	2%	2%	5%	28%	61%	2%	4%	7%	7%	22%	55%
SDV	Chelverton UK Dividend	UK: Equity Income	0%	6%	8%	-3%	12%	67%	-8%	0%	-1%	-13%	4%	58%
CTY	City of London	UK: Equity Income	1%	5%	10%	15%	42%	92%	1%	5%	15%	19%	45%	98%
CHI	CT UK High Income	UK: Equity Income	0%	3%	6%	13%	41%	60%	-4%	-3%	4%	19%	51%	75%
CHIB	CT UK High Income B Class	UK: Equity Income	0%	3%	6%	12%	40%	60%	-8%	-3%	5%	17%	32%	64%
CTUK	CT UK Capital & Income	UK: Equity Income	0%	3%	4%	4%	25%	67%	0%	2%	4%	5%	26%	61%
DIVI	Diverse Income Trust	UK: Equity Income	2%	6%	17%	16%	25%	46%	-2%	0%	13%	17%	24%	46%
DIG	Dunedin Income Growth	UK: Equity Income	-1%	-1%	3%	3%	26%	44%	0%	-1%	6%	7%	20%	46%
EDIN	Edinburgh Investment Trust	UK: Equity Income	0%	1%	4%	5%	50%	98%	0%	0%	7%	8%	55%	113%
FGT	Finsbury Growth & Income*	UK: Equity Income	-4%	-2%	-2%	5%	16%	28%	-2%	-2%	-2%	8%	14%	19%
JCH	JPMorgan Claverhouse	UK: Equity Income	0%	4%	9%	13%	39%	83%	2%	5%	11%	16%	38%	87%
LWDB	Law Debenture	UK: Equity Income	-1%	9%	15%	19%	52%	127%	-3%	4%	12%	15%	51%	124%
LWI	Lowland	UK: Equity Income	2%	8%	17%	14%	45%	100%	2%	5%	14%	19%	44%	105%
MRCH	Merchants	UK: Equity Income	0%	3%	8%	5%	28%	115%	0%	-1%	6%	-2%	19%	104%
MUT	Murray Income	UK: Equity Income	0%	2%	3%	2%	20%	46%	1%	6%	7%	7%	26%	47%
SCF	Schroder Income Growth	UK: Equity Income	0%	5%	7%	10%	33%	78%	2%	4%	11%	13%	29%	68%
SHRS	Shires Income	UK: Equity Income	1%	7%	11%	14%	30%	65%	0%	6%	13%	21%	27%	72%
TMPL	Temple Bar	UK: Equity Income	2%	8%	13%	24%	67%	148%	3%	11%	18%	32%	80%	188%
	Average	UK: Equity Income	**0%**	**4%**	**8%**	**10%**	**34%**	**77%**	**-1%**	**3%**	**9%**	**13%**	**34%**	**81%**
	Weighted Average	UK: Equity Income	**0%**	**4%**	**8%**	**12%**	**39%**	**88%**	**0%**	**3%**	**10%**	**14%**	**40%**	**93%**
	FTSE All-Share Index	UK: Equity Income	1%	5%	7%	13%	39%	78%	1%	5%	7%	13%	39%	78%

Source: Winterflood Securities, Morningstar as at 29 August 2025

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Outlook & Insight

Managers' Outlook

Tariffs: Nick Train acknowledges the potential negative impact of US tariffs on the portfolio but does not believe that they will fundamentally impair the investment case of any holdings. The holding expected to be most exposed to US tariff policy is Diageo (9.0% of portfolio as at 31 July 2025), with the company deriving half of its profits from the US and two of its most popular products there, being Mexican tequila and Canadian whisky, both of which are now subject to tariffs. Nevertheless, the managers have maintained the portfolio's weighting to Diageo and continue to look for opportunities to add to the holding, as Nick Train expects the company to gain market share while weaker competitors struggle and thinks that its high exposure to US consumers may be once again viewed as a strength in the event of a recovering domestic economy.

Digital Winners vs Consumer Companies: While the fund's allocation to 'Digital Winners' is already high at over 60%, Nick Train thinks that the exposure will be even higher in future, as a result of the combined effect of increased investment in existing positions, the potential addition of new holdings within the theme, and strong share price performance. The manager also highlighted that the portfolio is more diversified than may be implied by this categorisation, with many global industries being serviced; for example, Rightmove is a participant in the UK real estate sector, while Clarkson operates in the global maritime market. However, the managers also think it is important to maintain exposure to the 'Consumer Companies' and Nick Train notes that he would like to find more UK-listed businesses providing access to unique global premium or luxury brands, like Burberry and FeverTree.

UK equity valuations: Nick Train finds it difficult to be strategically optimistic about many parts of the UK equity market, namely banks, oil, mining and tobacco, although he acknowledges that these types of companies may benefit from a value rally in the short to medium term. However, he finds that the general disenchantment with the UK from investors *"has resulted in some truly world-class businesses being notably undervalued"*, which he views as a good investment opportunity.

The Managers Say:
"A common misperception is that the UK stock market is hopelessly out of date and lacking in companies relevant to the 21st Century"

Our Insight

Challenges:

Concentrated Portfolio: FGT's portfolio is highly concentrated, with the top 10 holdings accounting for c.90% of net assets. As such, the fund is exposed to significant stock-specific risk and performance is likely to differ considerably from that of a broader UK market index and of more diversified peers.

Low Yield: As a result of its bias towards 'growth' stocks, the fund's 2.2% dividend yield is the lowest in the 18-strong UK Equity Income peer group and is also lower than the average yield of the FTSE All Share (3.4% as at 31 July). As such, there are likely to be more suitable options for investors seeking an above-average income return.

Underperformance: Over the last five years, FGT has notably underperformed its benchmark and is the worst performer in the peer group in NAV total return terms. This may trigger the Board to take action, such as a potential change of manager or investment approach, which may result in a change in exposure for shareholders. However, we note that the Board has already demonstrated good corporate governance in recognition of this underperformance, having scheduled a continuation vote for January 2026. Any further action is unlikely to occur prior to the continuation vote.

Advantages:

Discount Control: The fund's shares are currently trading at a c.7% discount, whereas they have traded close to NAV for sustained periods in the past. Downside risk from the current level is limited by the discount control policy, which seeks to limit the discount to 5% and has seen c.40% of share capital repurchased since mid-2021. The upcoming continuation vote in January 2026, which is an example of good corporate governance and a benefit of having an independent Board, should provide additional support to the rating and offers shareholders an opportunity to express any discontent.

Shareholder Alignment: Nick Train has a significant personal shareholding in FGT (>4% of shares), which demonstrates his conviction in the strategy and represents strong shareholder alignment. The fact that management fees are charged on market cap, rather than net assets, also offers good shareholder alignment, as the team is incentivised to deliver strong share price returns rather than to simply grow assets.

Long-Term Approach: The fund's long-term, high conviction investment approach is well-suited to the closed-ended fund structure, as there is no requirement to manage inflows and outflows. The low-turnover approach also helps to control costs.

Our Insight:

Buffet-Inspired 'Best Ideas' Portfolio: FGT's investment philosophy is based on that of Warren Buffett, aiming to build a concentrated portfolio of high-quality growth business listed in the UK. This strategy has experienced a challenging period of returns over the last five years, but may be attractive for investors looking to benefit from a re-rating of the core UK market, as the companies in FGT's portfolio may well benefit more than the broader index, especially if quality and growth factors return to prominence.

Use of Structure: The fund utilises the investment trust structure, through the use of gearing (albeit limited), following a highly long-term approach and maintaining a concentrated portfolio. This has led to the investment trust outperforming its open-ended fund (WS Lindsell Train UK Equity Fund) over the last one, three, five and ten years.

Experienced Manager: Nick Train has considerable experience, having started his investment management career in 1981. As such, he is well-placed to navigate a range of market environments and maintain a long-term view. However, his high profile and long tenure also adds an element of 'key man risk', with the potential for selling pressure in the event of his retirement.

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Glossary & Disclaimer

Glossary

- **Active Share:** The degree to which the composition of the portfolio diverges from its benchmark or reference index, expressed as a percentage of NAV.
- **AIFM:** An Alternative Investment Fund Manager (AIFM) is a regulated entity responsible for the portfolio management and risk management of a collective investment vehicle.
- **Discount/Premium to NAV**: The percentage difference between the share price of an investment trust and its NAV per share. A positive difference is a Premium to NAV, while a negative difference is a Discount to NAV.
- **Gearing:** The debts of a fund, used as leverage to increase exposure, expressed as a percentage of NAV.
- **Growth / Value Stocks:** Growth stocks are those of companies that are considered to have the potential to outperform the overall market over time because of their future potential. Value stocks are companies that are currently trading below what they are estimated to be truly worth.
- **NAV:** Net Asset Value, the difference between a fund's assets and liabilities.
- **Net Issuance:** In the context of this report, the term Net Issuance is used to indicate net share issuance (net share buybacks if negative) over the last 12 months as a percentage of current Market Capitalisation. Excludes issuance/buybacks resulting from IPOs, Tenders, Redemptions, Share Conversions, Consideration Shares and Treasury Share cancellations.
- **Ongoing Charges:** Annual percentage reduction in shareholder returns as a result of a fund's recurring operational expenses, assuming markets remain static and the portfolio is not traded.
- **P/E Ratio**: Price to Earnings (P/E) ratio is a company's share price divided by its earnings per share.
- **Portfolio Turnover:** Measures how frequently the assets in an investment portfolio are bought and sold over a given period; annual portfolio turnover calculated as the lower of the value of purchases and sales in a financial year, dividend by the average portfolio value over the year.
- **Total Return:** Investment returns over a given period, assuming any dividends paid over this period have been reinvested.
- **Z Score:** Statistical indicator of current Discount/Premium deviation from 12-month average.

For more, see https://www.theaic.co.uk/aic/glossary

Disclaimer

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Please read this information to help you understand what this material is and how you should use it

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- Past performance is **not indicative** of future results.
- Levels and bases of **taxation** may change.
- In the case of investments for which there is no recognised market, it may be **difficult for you to sell your investments** or to obtain reliable information about their value or the extent of the risk to which they are exposed.
- **Consult your own investment advisers** before you make any investment referred to in this document about suitability for you. **Make sure you** understand the risks and that statements regarding future prospects may not be realised.
- This investment is intended to form part of a **diversified investment portfolio**.
- **Look at the Key Links** (see panel on right) for further information of the risks and explanation of key terms.
- **Investment trusts** can use **gearing** which can offer the chance to boost the trust's profit but also **increases the risk**.

Key Links

→ **Glossary of Key Terms**

→ **AIC Guide to Investment Trusts**

→ **Key Information Document** (FGT)

→ **Investor Disclosure Document** (FGT)

→ **Annual Report** (FGT)

→ **Factsheet** (FGT)

→ **Homepage** (FGT)

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