

# Finsbury Growth & Income Trust PLC



Investment Manager

**LINSELL TRAIN**

Nick Train



Fund Information as at 28 February 2011

[www.finsburygt.com](http://www.finsburygt.com)

## Investment Objective and Benchmark Index

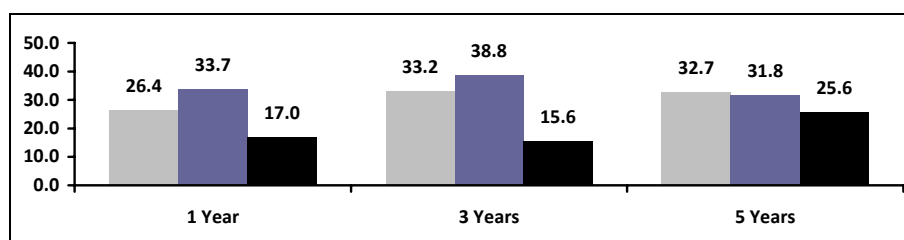
Finsbury Growth & Income Trust PLC invests principally in the securities of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of its benchmark, the FTSE All-Share Index (net dividends reinvested).

## 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	2006	2007	2008	2009	2010	YTD
NAV	22.0	-3.5	-31.3	35.3	29.4	-0.5
Share Price	20.5	-10.3	-29.6	33.7	34.6	0.6
Index	16.8	5.3	-29.9	30.1	14.5	1.9

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

## Commentary

In February the NAV was up 0.1% compared to the index which was up 2.4%.

Rising commodity prices in 2011 - energy, metals and foods – have hit consumer-facing companies across all stock markets, including portfolio positions such as Barr, Diageo, Marston's and Unilever. Investors fear such companies' profit margins will be squeezed by higher input costs that they will be unable to pass on to their cautious customers. Such pressures were apparent in Diageo's results, released in February. Organic sales growth slowed to 4%, with operating profits up only 2%, with particularly tough conditions reported in Southern Europe and Ireland. Nonetheless, Diageo's earnings and dividends rose 9% and 6% respectively – demonstrating the company's ability to drive investor value, even during difficult times. We wonder if investors are underestimating the decades-long resilience of consumer brands, not least their pricing power.

Elsewhere, we were pleased by the business progress reported by Pearson and its 9% dividend increase. This company is assisting in the modernization of an important social good – Education and looks set to benefit from the faster growth and higher returns such change can bring. LSE had a move after announcing its intended merger with the Toronto Exchange. We support the proposal and reckon the shares cheap if the forecast revenue synergies are delivered.

## 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 Linsell Train Limited. He is investment adviser to the Worshipful Company of Saddlers.

## Investment Manager Profile

Investment management services are provided by Linsell Train Limited (Linsell Train). Linsell Train was formed in December 2000. However the principals, Michael Linsell and Nick Train had worked together at GT Management from 1992 through to GT's takeover by INVESCO in 1998. Both Michael Linsell 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 businesses that are significantly under priced or less durable businesses that are valued by the market at a significant discount to their net balance sheet financial assets. This is achieved by choosing a concentrated portfolio of a small number of stocks with the intention of holding them for the medium to long term. Linsell Train currently manages around £1,344m as at 31 December 2010. Linsell Train is authorised and regulated by the Financial Services Authority.

## Investment Policy

The Company has a concentrated portfolio of 25-30 stocks with a low turnover, and aims to have an above-market dividend yield. The Investment 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% may be invested in stocks listed 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).

## Discount Control Mechanism

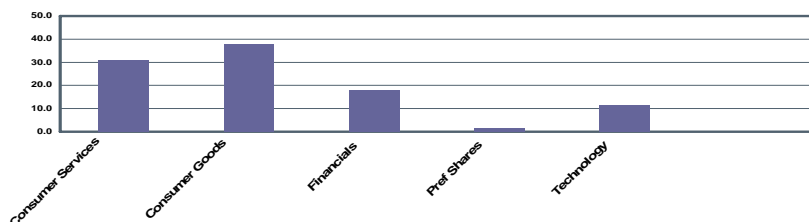
The Directors have adopted an active discount management policy to establish and support an improved rating in the Company's shares through the use of share buybacks, with a view to limiting the discount to NAV per share at which the shares trade to no more than 5%. Shares bought back may be held in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

### Ten Largest Holdings as at 28 February 2011 (% of total investments)

Name	Sector	Total
Diageo	Consumer Goods	10.7
Unilever	Consumer Goods	9.1
A. G. Barr	Consumer Goods	8.2
Pearson	Consumer Services	7.2
Fidessa	Technology	6.1
Rathbone Brothers	Financials	5.7
Sage	Technology	5.5
Schroders	Financials	5.4
Reed Elsevier	Consumer Services	4.4
Kraft Foods	Consumer Goods	3.9
<b>Total</b>		<b>66.2</b>

### Sector Breakdown as at 28 February 2011 (%)



### Share Price Total Return on £100 (£) as at 28 February 2011

1 year	133.7
3 years	138.8
5 years	131.8

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

### Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Feb 06-Feb 07	Feb 07-Feb 08	Feb 08-Feb 09	Feb 09-Feb 10	Feb 10-Feb 11
NAV	14.3	-12.8	-31.9	54.7	26.4
Share Price	14.9	-17.3	-32.8	54.5	33.7
Index	11.6	-2.7	-33.0	47.3	17.0

### Awards

#### Winner:

**Investment Week, Investment Trust Of The Year Awards 2010**

Category: UK Income

### Important Information

Finsbury Growth & Income Trust PLC (the "Company") is a UK investment trust 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 in that income received by the Company in the period since the last annual accounts is excluded. Total 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.

www.finsburygt.com

### Fast Facts

As at 28 February 2011

<b>Launch Date</b>	1926
<b>Annual Management Fee</b> (payable by the Trust)	0.60% of the market capitalisation plus £70,000
<b>Performance fee</b>	See Annual Report for details
<b>Year / interim end</b>	30 September/ 31 March
<b>Capital Structure</b>	53,487,423 Ordinary shares of 25p 0 Treasury shares

### Trust Characteristics

<b>Number of Holdings</b>	25
<b>Net Assets (£m)</b>	£169.9m
<b>Dividend Policy</b>	Provisional dates: May & October
<b>Current Net Yield</b>	2.8%
<b>Gearing (AIC basis)</b>	107
<b>Share Price (p)</b>	319.50
<b>NAV (p)</b>	317.69
<b>Premium / (Discount)</b>	0.6

### Codes

<b>Sedol</b>	0781606
<b>ISIN</b>	GB0007816068
<b>Bloomberg</b>	FGT LN
<b>Epic</b>	FGT

### 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](http://www.frostrow.com)

**Grant Challis**  
Tel.: 0203 008 4912  
grant.challis@frostrow.com

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