

# Finsbury Growth & Income Trust PLC



Investment Manager

LINSELL TRAIN

Nick Train



Fund Information as at 31 December 2011

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

## Investment Objective and Benchmark Index

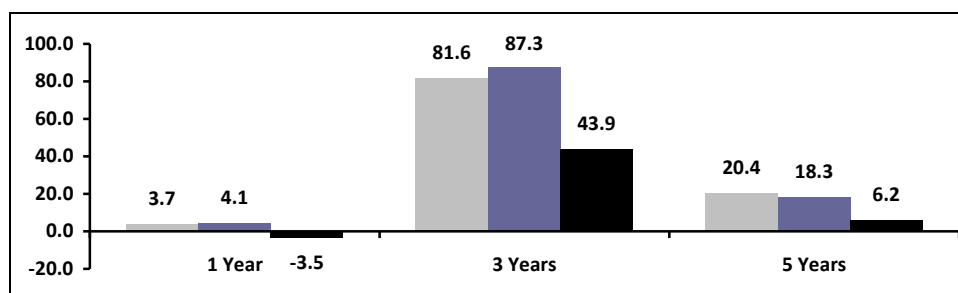
Finsbury Growth & Income Trust PLC invests principally in the securities of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of its benchmark, the FTSE All-Share Index (net dividends reinvested).

## 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	2007	2008	2009	2010	2011
NAV	-3.5	-31.3	35.3	29.4	3.7
Share Price	-10.3	-29.6	33.7	34.6	4.1
Index	5.3	-29.9	30.1	14.5	-3.5

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

## Commentary

In December the NAV was up 0.1% while the index was up 0.8%.

December brought significant gains for FGT's three largest holdings – Diageo, Pearson and Unilever, all of which closed at highs for the year (and all-time highs for the two FMCG companies). We contrast these gains with the sell-off in the gold price during Q4 2011. It appears investors were beginning to get over the worst of their fears about the global economy, but nonetheless still preferring "defensive", steady growth, such as offered by the magnificent trio. With UK gilt yields remaining close to 50 year lows, signalling expectations for continued only modest returns from mainstream equities, we can see the possibility of valuations rising further for relatively rare "dependable growth".

There were two important corporate transactions in December with implications for the portfolio. First, Heineken's acquisition of c900 pubs from RBS – in a deal, in the words of the company, which shows faith in "The Great British Pub". The price paid of c£460,000 per outlet and 9.4x EBITDA makes our holdings in the subsector look at worst reasonably valued and perhaps cheap, if Heineken's confidence in the sustainability of returns is vindicated. Next, London Stock Exchange's purchase of the 50% of FTSE International - the index company - it did not already own was at a much higher value than we had assumed in our valuation work for LSE. At £900 million, the implied value of FTSE, this now wholly owned subsidiary represents 43% of group market capitalization, but only c15% total revenues – suggesting the remainder of LSE is undervalued. There remains unfinished business into 2012 for the world's stock exchanges, with the German/New York and Osaka/Tokyo mergers still pending. We expect further consolidation between global bourses and believe the LSE remains an important strategic asset.

## 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 M&G 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 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

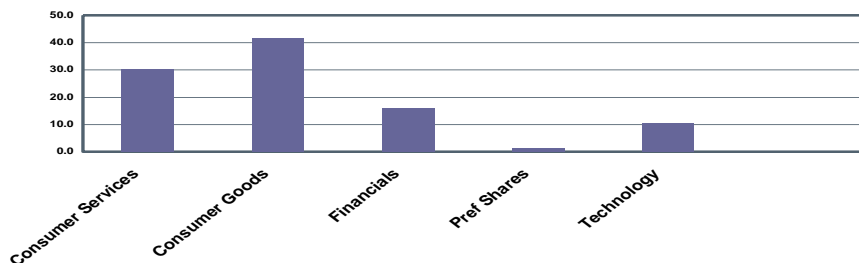
The Directors have adopted an active discount management policy to establish and support an improved rating in the Company's shares through the use of share buybacks, with a view to limiting the discount to NAV per share at which the shares trade to no more than 5%. Shares bought back may be held in 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 31 December 2011 (% of total investments)

Name	Sector	Total
Diageo	Consumer Goods	12.1
Unilever	Consumer Goods	10.3
A. G. Barr	Consumer Goods	8.4
Pearson	Consumer Services	7.7
Sage Group	Technology	5.3
Fidessa	Technology	5.0
Rathbone Brothers	Financials	4.7
Kraft Foods	Consumer Goods	4.3
Schroders	Financials	4.0
Reed Elsevier	Consumer Services	3.9
<b>Total</b>		<b>65.7</b>

## Sector Breakdown as at 31 December 2011 (%)



## Share Price Total Return on £100 (£) as at 31 December 2011

1 year	104.1
3 years	187.3
5 years	118.3

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

## Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Dec 06- Dec 07	Dec 07- Dec 08	Dec 08- Dec 09	Dec 09- Dec 10	Dec 10- Dec 11
NAV	-3.5	-31.3	35.3	29.4	3.7
Share Price	-10.3	-29.6	33.7	34.6	4.1
Index	5.3	-29.9	30.1	14.5	-3.5

## Awards

**Winner:**  
**Investment Week, Investment Trust Of The Year Awards 2010, 2011**  
 Category: UK Income

**Winner:**  
**Money Week, Investment Trust Of The Year Awards 2011**  
 Category: UK Growth & 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.

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## Fast Facts

As at 31 December 2011

Launch Date	1926
Annual Management Fee (payable by the Trust)	0.60% of the market capitalisation plus £70,000
Performance fee	See Annual Report for details
Year / interim end	30 September/ 31 March
Capital Structure	58,642,165 Ordinary shares of 25p 0 Treasury shares

## Trust Characteristics

Number of Holdings	26
Net Assets (£m)	£188.6m
Dividend	Interim paid 4 Nov 11 4.8p Interim paid 6 May 11 4.4p
Current Net Yield	2.9%
Gearing (AIC basis)	107
Share Price (p)	321.00
NAV (p)	321.67
(Discount) / Premium	(0.2%)

## Codes

Sedol	0781606
ISIN	GB0007816068
Bloomberg	FGT LN
Epic	FGT

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Authorised and regulated by the Financial Services Authority.

**Winner:**  
**Moneywise, Investment Trust Of The Year Awards 2011**  
 Category: UK Growth & Income

