

FGT

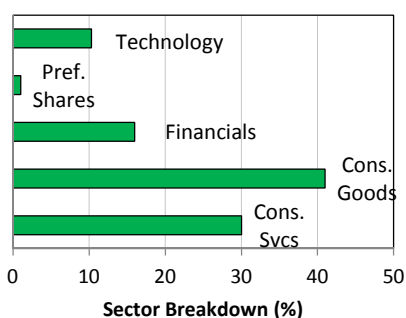
Share Price	338p
NAV	332.3p
NAV (undiluted)	332.3p
Discount (-) / Premium (+)	
Now	1.7%
Average	0.6%
Low	3.1%
High	-2.8%
Z-Score	0.9
Market Cap (m)	£ 200
Assets (m)	£ 209
No. Shares	59.2m
Net Yield	2.7%

Source: Thomson Reuters, Bloomberg

Top 10	(% of Total Assets)
Diageo Plc	12.1%
Unilever PLC	10.3%
Barr (AG)	8.4%
Pearson	7.7%
Sage Group	5.3%
Fidessa Group PLC	5.0%
Rathbone Brothers PLC	4.7%
Kraft Foods	4.3%
Schroders Plc	4.0%
Reed Elsevier	3.9%
	65.7%

Source: The Company at 31 December 2011

Sector Breakdown (%)



Source: The Company at 31 December 2011

Finsbury Growth & Income *

19 January 2012

On 18 January, the fund's manager, **Nick Train** (NT), gave a presentation at the AGM.

Performance

- The fund has a strong performance record, with the NAV outperforming the FTSE All Share over the last 1, 3, 5 and 10 year periods.
- The fund currently yields 2.8%. In 2010 the dividend was cut to 8.8p, and although it was increased to 9.2p in 2011 it still remains behind the level in 2009, which was 9.5p.

Portfolio

- The fund maintains a concentrated portfolio (25 holdings) with very low turnover (average of 6.2% pa over the last decade). The top 10 holdings account for around two thirds of net assets.
- The fund currently only has investments in four sectors. In contrast to many funds, the portfolio has a heavy weighting to Consumer Goods and Services. The fund is also overweight Technology, with the remainder of holdings classified as Financials.
- Of the 18 holdings that recently reported results, 15 have increased their dividend (ranging from 5% to 40% increase) and the remaining three were able to maintain them.
- The fund currently has equity exposure of around 107% of net assets, which reflects the manager's "moderately bullish" view of equity markets.

Outlook

- The manager gives a number of reasons for his "moderately bullish" view. He notes that global M&A activity continued to increase in 2011 (+5%) despite the uncertainty in equity markets. He sees this as an indication that we are currently on the upward leg of the market cycle.
- NT suggests that the market may be underestimating the extent and duration of the growth opportunities in emerging markets. He believes that emerging markets remain immature and will offer opportunities for growth for decades to come. He uses the fund's second top holding, **Unilever**, as an example of a way to access this growth. In the UK the average annual spend on Unilever products is €44, whereas it is significantly less in emerging market countries where the company has a significant market presence. For example, Indonesia (€7), India (€2) and Nigeria (€1).
- The fund tends to focus on companies with strong brands as the manager judges that they are valuable, particularly those with global appeal and that offer entry to emerging markets.
- In the manager's view, Technology will be at the forefront of the next bull market, and tablet-friendly companies in particular. He describes the launch of **Amazon's** Kindle Fire as the most important event in the second half of 2011, based on it representing the continued integration of the internet into our everyday lives. **Pearson**, the fund's 4th top holding, doubled its number of digital students between 2008 and 2010. In addition, the manager highlighted YouTube's record month which saw US web users watch 42bn videos in October 2011 alone.

Winterflood View

- Finsbury Growth & Income has a well defined strategy and is clearly differentiated from other UK Income Growth funds. With a portfolio of only 25 companies, this fund is clearly not a closet index-tracker. Nick Train is influenced by the approach of Warren Buffett, and there are undoubtedly similarities given his long term investment horizon and the focus on strong brands/franchises.
- Given the investment approach, short term returns may be volatile, and should not be expected to be in line with the benchmark. However over longer time frames this fund has a proven record of strong performance. In addition, the fund's commitment to buyback shares at a 5% discount limits the downside risk of discount volatility. As a result, we believe that the fund is an attractive vehicle for long-term investors.

	Capital Only			Total Return		
	1m	3m	6m	1y	3y	5y
NAV	6.5%	5.1%	-0.3%	7.2%	95.9%	23.8%
Share Price	5.3%	5.8%	0.8%	10.3%	104.7%	24.7%
FTSE All Share	6.2%	5.3%	-2.0%	-3.3%	57.1%	9.3%

Source: Thomson Reuters, Bloomberg

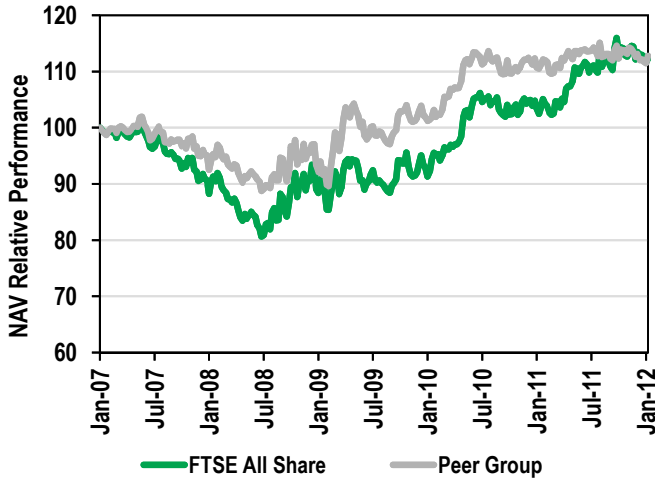
* This Investment Trust is a corporate broking client of Winterflood Securities

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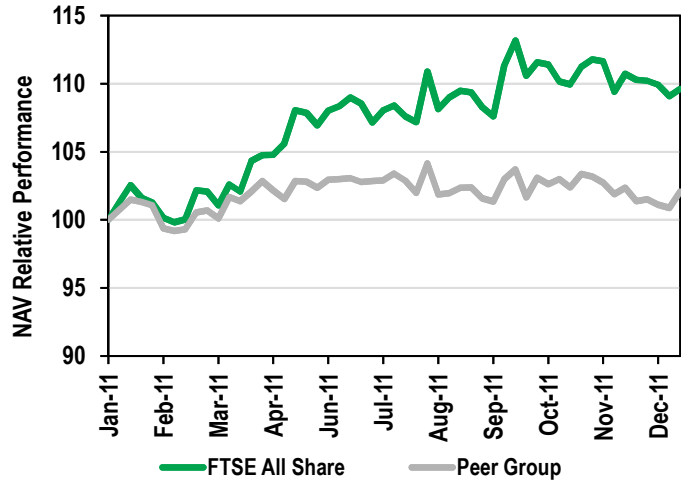
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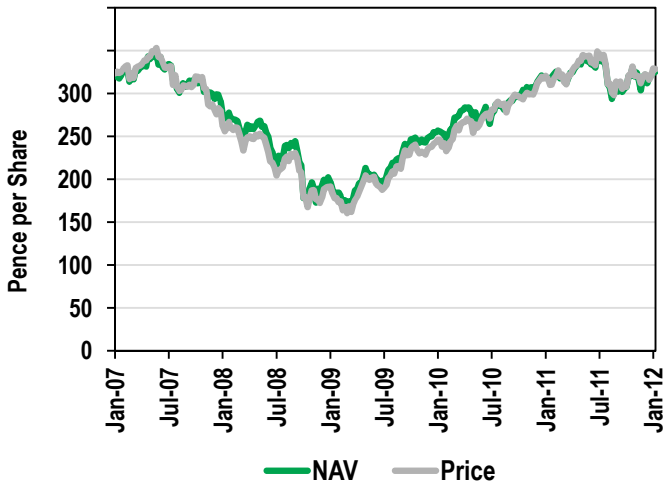
5 Year NAV Relative Performance



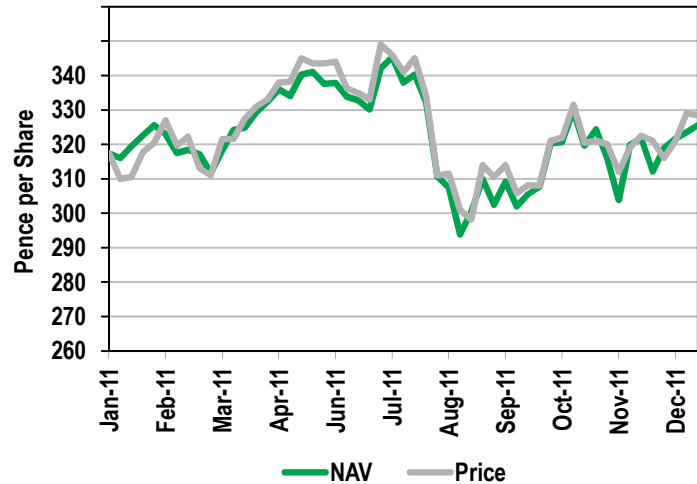
1 Year NAV Relative Performance



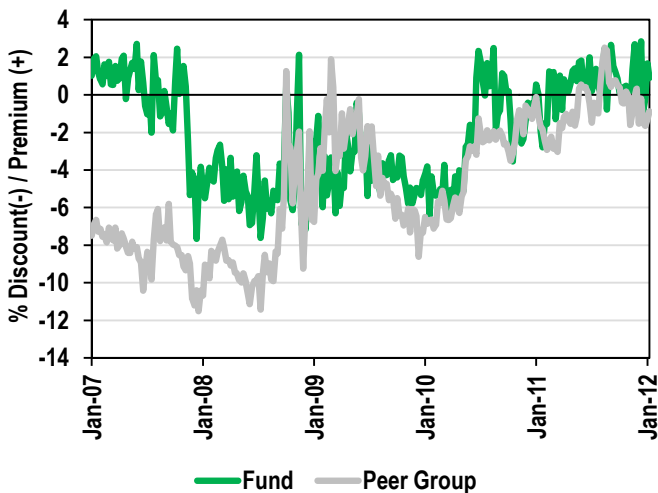
5 Year Absolute NAV & Price Performance



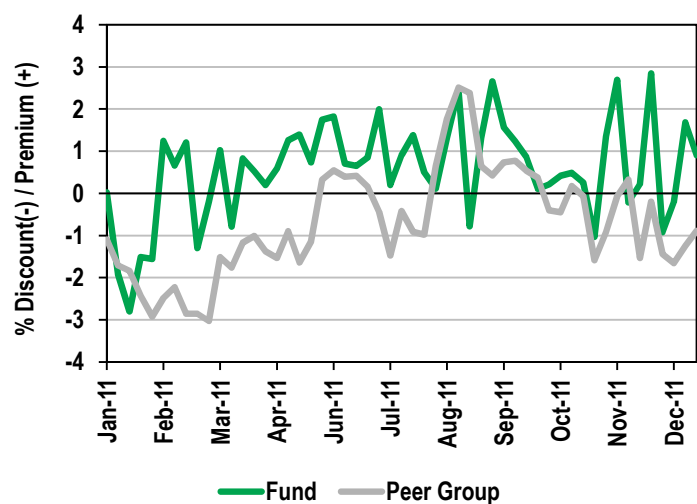
1 Year Absolute NAV & Price Performance



5 Year Discount History with Peer Group



1 Year Discount History with Peer Group



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