



# Finsbury Growth & Income Trust PLC

Managed by  
Frostrow Capital LLP

Investment Manager  
Lindsell Train Limited



Nick Train

Fund Information as at 31 July 2007

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

## Investment Objective and Benchmark Index

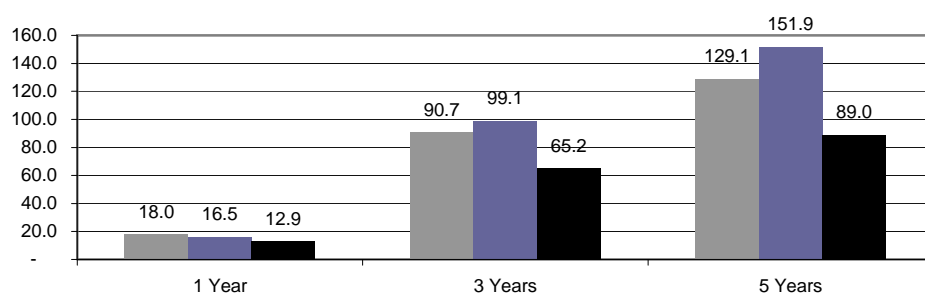
Finsbury Growth & Income Trust PLC invests in the shares of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of its benchmark, the FTSE All-Share Index (net dividends reinvested).

## 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	2002	2003	2004	2005	2006	YTD
NAV	-21.7	22.4	31.4	21.7	21.9	2.8
Share Price	-23.6	27.6	43.4	29.2	20.5	1.1
Index	-22.7	20.9	12.8	22.0	16.8	4.0

## Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Jul 02-Jul 03	Jul 03-Jul 04	Jul 04-Jul 05	Jul 05-Jul 06	Jul 06-Jul 07
NAV	6.0	13.3	37.3	17.6	18.0
Share Price	2.5	23.4	45.0	17.9	16.5
Index	3.4	10.7	24.7	17.3	12.9

Source: Fundamental Data. Past performance is not a guide to future performance.

## Investment Outlook

July was another down month for your Company and the benchmark, although this time the strategy outperformed the FT All-Share, recouping some of the ground lost in June. NAV fell 1.8% while the index fell 3.3%. Performance is performance and the statistics do not lie, but we suggest shareholders should not extrapolate too much from these volatile summer months – either about the trend in the London stock market or the relative fortunes of this particular strategy. Big up and down days are swinging all capital market participants from “hero to zero” and back again, before they can blink.

In general, we think that the chances of a prolonged bear market for UK equities are remote. (We could be wrong, but it is important shareholders know our position on such an issue). We do not expect recent higher inflation to turn out to be endemic, nor the problems in the US mortgage market to bring down the world’s financial infrastructure (although asset prices imply both). Meanwhile, the derailing of a few corporate deals and the resultant evaporation of “takeover premium” from many sectors and stocks does not mean that the industrial logic and strategic necessity driving consolidation for those same sectors and stocks has gone away. In short, we look for the recent market and economic wobbles to lead to an expectation of lower, rather than higher rates of inflation and a renewed urgency by corporates to get deals done. Now is a good time to commit capital to UK equities, we think.

## 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 honours 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.

## Investment Manager Profile

Investment 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 fulfil 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. Lindsell Train currently manages £533m as at 31 July 2007. Lindsell 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 UK listed businesses that appear mostly undervalued. 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%. Up to 10% of the shares bought back may be held in treasury for reissue at later dates at no more than the discount at which they were purchased.

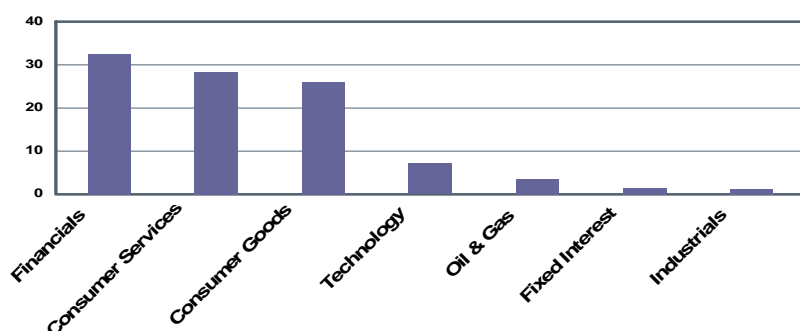
# Finsbury Growth & Income Trust PLC

## Ten Largest Holdings as at 31 July 2007 (% of total investments)

Name	Sector	Total
HBOS	Financials	10.6
Diageo	Consumer Goods	7.6
Cadbury Schweppes	Consumer Goods	7.1
Marston's	Consumer Services	6.4
Barr (AG)	Consumer Goods	5.9
Unilever	Consumer Goods	5.5
Reuters	Consumer Services	4.9
Lloyds TSB	Financials	4.8
Pearson	Consumer Services	4.5
Reed Elsevier	Consumer Services	4.0
<b>Total</b>		<b>61.3</b>

HBOS shares are split: Ordinary shares 4.7% & Preference shares 5.8%

## Sector Breakdown as at 31 July 2007 (%)



## Share Price Total Return on £100 (£) as at 31 July 2007

YTD	101.1
1 year	116.5
3 years	199.1
5 years	251.9

Source: Fundamental Data. Past performance is not a guide to future performance.

## Awards

### Highly Commended 2006 & 2007

Moneywise Magazine  
Category: UK Growth & Income

### Winner 2004

Investment Trust Magazine  
Best Growth & income Trust 2004

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

## Fast facts

As at 31 July 2007

<b>Launch Date</b>	1926
<b>Annual Management Fee</b> (payable by the Trust)	0.50% of the market capitalisation plus £200,000
<b>Performance fee</b>	See Annual Report for details
<b>Year / interim end</b>	30 September / 31 March
<b>Capital Structure</b>	52,422,423 Ordinary shares of 25p

## Trust Characteristics

<b>Number of Holdings</b>	26
<b>Net Assets (£m)</b>	£168.9m
<b>Dividend Policy</b>	Provisional dates: June & October
<b>Current Net Yield</b>	2.5%
<b>Gearing (AIC basis)</b>	115
<b>Share Price (p)</b>	324.00
<b>NAV (p)</b>	322.25
<b>(Discount) / Premium</b>	0.5%

## Codes

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

## ISA, PEP and Savings Scheme

The trust is available within the Close Investments ISA, PEP, Savings Scheme and MileStones Plan.

For all queries concerning these products, please contact the Client Services Team on 0845 600 1213 or via [www.closeinvestments.com](http://www.closeinvestments.com).

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Authorised and regulated by the Financial Services Authority.

