



# Finsbury Growth & Income Trust PLC

Managed by  
Frostrow Capital LLP

Investment Manager  
Lindsell Train Limited



Nick Train

Fund Information as at 31 January 2008

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

## Investment Objective and Benchmark Index

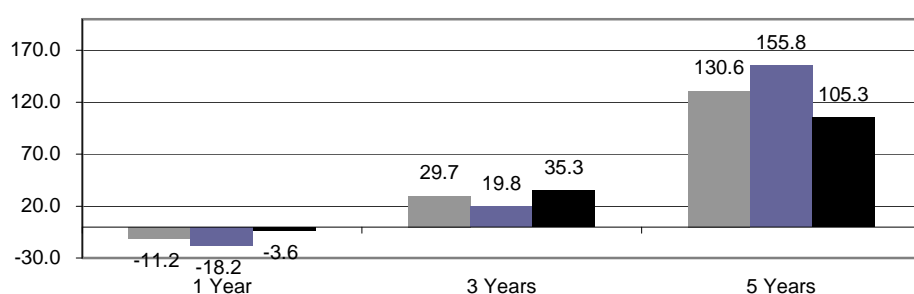
Finsbury Growth & Income Trust PLC invests in the shares of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of its benchmark, the FTSE All-Share Index (net dividends reinvested).

## 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	2003	2004	2005	2006	2007	YTD
NAV	22.4	31.4	21.7	21.9	-3.5	-8.2
Share Price	27.6	43.4	29.2	20.5	-10.3	-9.2
Index	20.9	12.8	22.0	16.8	5.3	-8.7

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

## Investment Outlook

January was a horrible month for global equity markets. We see little point in reviewing the current worries afflicting investors - we know and feel them as keenly as anyone else. By contrast, what we do think is worthwhile, is to reaffirm that setbacks, such as today's have almost always turned out to be important buying opportunities for long term investors. We assume that this panic will fade like so many before it and that investors will look back and wonder why they were so windy. Therefore, we are gradually committing what cash we have into a range of shares, at what we regard as exceptional values.

We return below to the thinking of a businessman, Kenneth Lewis, CEO of Bank of America on the reasons why he sanctioned the purchase of troubled US mortgage lender, Countrywide Financial, in January, at a price 84% below its peak. "Countrywide presents a rare opportunity for Bank of America...to affirm our position as the nation's premier lender to consumers...Home ownership is a fundamental pillar of the US economy and over time will be a key area of growth for (us)." Countrywide originated \$408 billion in mortgages in 2007, has a servicing portfolio of \$1.5 trillion and 9 million loans – yet BoA is buying it, as one analyst put it, for "little more than a rounding error on its balance sheet". Lewis had previously promised that he would not take advantage of current market turmoil until "there was blood in the streets". Clearly he felt he was up to his elbows in gore by mid January. We share this account because it seems certain to us that BoA's transaction will not be the only one and that the turn in global equity markets, including the UK, will probably be signaled by corporations responding to and buying the value that skittish stock market investors will not recognise. For instance, Daily Mail recently bought for cancellation 5% of its own equity and 5% of the equity of its sister company, Euromoney, the latter we own in your portfolio, precisely because the low values placed on these shares mean that the best investment Daily Mail could see for its cash flows was to buy into itself. Courage

## 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 £515m as at 31 December 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.

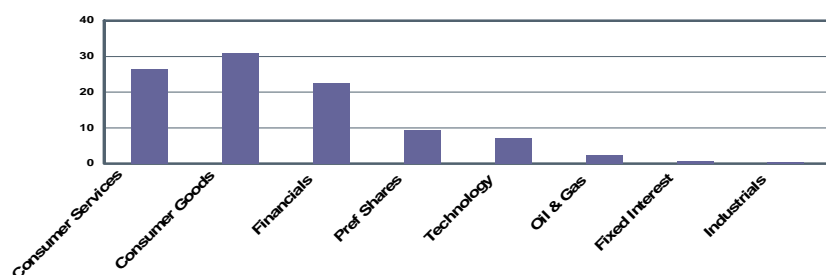
# Finsbury Growth & Income Trust PLC

## Ten Largest Holdings as at 31 January 2008 (% of total investments)

Name	Sector	Total
HBOS	Financials	10.6
Diageo	Consumer Goods	9.3
Cadbury Schweppes	Consumer Goods	7.8
Unilever	Consumer Goods	7.4
Barr (AG)	Consumer Goods	6.6
Marston's	Consumer Services	5.4
Pearson	Consumer Services	4.8
Reuters	Consumer Services	4.7
Lloyds TSB	Financials	4.6
Reed Elsevier	Consumer Services	4.3
<b>Total</b>		<b>65.5</b>

HBOS shares are split: Ordinary shares 4.2% & Preference shares 6.4%

## Sector Breakdown as at 31 January 2008 (%)



## Share Price Total Return on £100 (£) as at 31 January 2008

YTD	90.8
1 year	81.8
3 years	119.8
5 years	255.8

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

## Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Jan 03- Jan 04	Jan 04- Jan 05	Jan 05- Jan 06	Jan 06- Jan 07	Jan 07- Jan 08
NAV	37.9	28.9	24.6	17.1	-11.2
Share Price	51.2	41.2	24.9	17.3	-18.2
Index	31.6	15.3	24.0	13.2	-3.6

## 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.

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## Fast facts

As at 31 January 2008

<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>	52,797,423 Ordinary shares of 25p 0 Treasury shares

## Trust Characteristics

<b>Number of Holdings</b>	26
<b>Net Assets (£m)</b>	£144.3m
<b>Dividend Policy</b>	Provisional dates: May & October
<b>Current Net Yield</b>	3.5%
<b>Gearing (AIC basis)</b>	110
<b>Share Price (p)</b>	257.00
<b>NAV (p)</b>	273.32
<b>(Discount) / Premium</b>	(5.97%)

## Codes

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

## ISA, PEP and Savings Scheme

Close Investments have announced their intention to terminate their ISA, PEP, Savings Scheme and MileStones plans. Existing holders of this trust through those plans have been given several options, including the option to transfer their holdings to Alliance Trust Savings with effect from March 2008.

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

New investors can invest through similar plans available via: [www.alliancetrust.co.uk](http://www.alliancetrust.co.uk)

## How to Contact Us

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