



# Finsbury Growth & Income Trust PLC

Managed by  
Frostrow Capital LLP

Investment Manager  
Lindsell Train Limited

Nick Train



Fund Information as at 31 October 2009

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

## Investment Objective and Benchmark Index

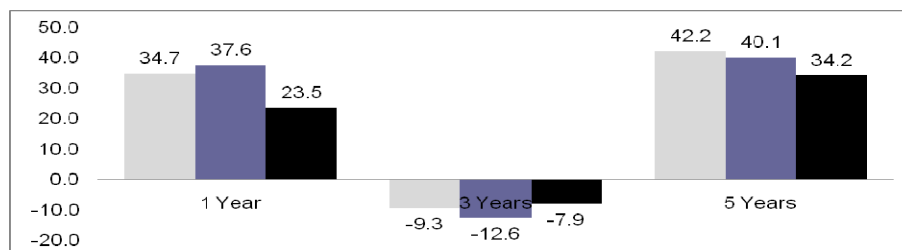
Finsbury Growth & Income Trust PLC invests in the shares of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of its benchmark, the FTSE All-Share Index (net dividends reinvested).

## 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	2004	2005	2006	2007	2008	YTD
NAV	31.4	21.7	22.0	-3.5	-31.3	29.6
Share Price	43.4	29.2	20.5	-10.3	-29.6	28.2
Index	12.8	22.0	16.8	5.3	-29.9	21.1

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

## Commentary

During the month the NAV rose 0.08% compared to the index which fell -1.8%.

We take this opportunity to alert shareholders to the implications of the EU's insistence that Lloyds Bank suspend its preference dividends for two years, commencing January 2010. The result is almost certain to be a reduction in your Company's own dividends for the same period. That is unless two unlikely circumstances come to pass – either we are successful in exchanging all or part of our prefs for Lloyds' new, interest-paying ECN securities, which are strictly rationed, or we identify other assets into which we can switch the prefs without sacrificing yield. We will try. In the meantime, the prefs have recently gone "xd" their final payment before the suspension and this income is available to help meet your Company's interim dividend for March 2010.

We have two further observations to make about this unsatisfactory situation. First, in November we sold all the holding in Lloyds ordinary shares – also forbidden from paying a dividend until 2012 – on the grounds that our total exposure to non-yielding Lloyds paper was too high. We reinvested the proceeds into Hargeaves Lansdown, another financial company, offering us exposure to any pick-up in the UK savings ratio (one of the attractions of Lloyds, in our opinion), but paying a dividend. Finally, let us acknowledge the successful efforts of Lloyds to both bolster its balance sheet and avoid further creeping nationalization. If the bank is indeed on the way to being healed, then we expect its preference shares to recover significant capital value over the next two years. Assuming the prefs can get back to par, where they would still offer a yield of over 9% net on restored dividends, then the gain from today's price would be nearly 50%. This would be worth having and the prefs look at least as cheap as the ordinary, we estimate.

## 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 around £837m as at 30 September 2009. 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.

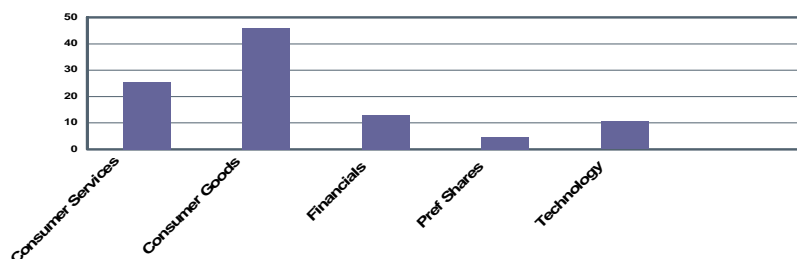
## Finsbury Growth & Income Trust PLC

### Ten Largest Holdings as at 31 October 2009 (% of total investments)

Name	Sector	Total
Barr (AG)	Consumer Goods	10.7
Diageo	Consumer Goods	10.6
Unilever	Consumer Goods	10.5
Cadbury	Consumer Goods	9.8
Pearson	Consumer Services	7.1
Lloyds Banking Group	Financials	6.0
Fidessa	Technology	5.8
Sage	Technology	4.8
Rathbone Brothers	Financial	4.5
Reed Elsevier	Consumer Services	4.1
<b>Total</b>		<b>73.9</b>

Lloyds Banking Group shares are split: Ordinary shares 1.3% & Preference shares 4.8%

### Sector Breakdown as at 31 October 2009 (%)



### Share Price Total Return on £100 (£) as at 31 October 2009

YTD	128.2
1 year	137.6
3 years	87.4
5 years	140.1

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

### Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Oct 04- Oct 05	Oct 05- Oct 06	Oct 06- Oct 07	Oct 07- Oct 08	Oct 08- Oct 09
NAV	24.8	25.5	9.8	-38.7	34.7
Share Price	30.0	23.3	9.5	-41.9	37.6
Index	19.8	21.7	13.6	-34.4	23.5

### 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

### Fast facts

As at 31 October 2009

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	50,996,673 Ordinary shares of 25p 1,800,750 Treasury shares

### Trust Characteristics

Number of Holdings	22
Net Assets (£m)	£124.5m
Dividend Policy	Provisional dates: May & October
Current Net Yield	4.1%
Gearing (AIC basis)	111
Share Price (p)	233.50
NAV (p)	Undiluted 244.07
(Discount) / Premium	Undiluted (4.33%)
NAV (p)	Fully-diluted 243.71
(Discount) / Premium	Fully-diluted (4.19%)

### Codes

Sedol	0781606
ISIN	GB0007816068
Bloomberg	FGT LN
Epic	FGT

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