



# Finsbury Growth & Income Trust PLC

Managed by  
Frostrow Capital LLP

Investment Manager  
Lindsell Train Limited



Nick Train

Fund Information as at 31 December 2009

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

## Investment Objective and Benchmark Index

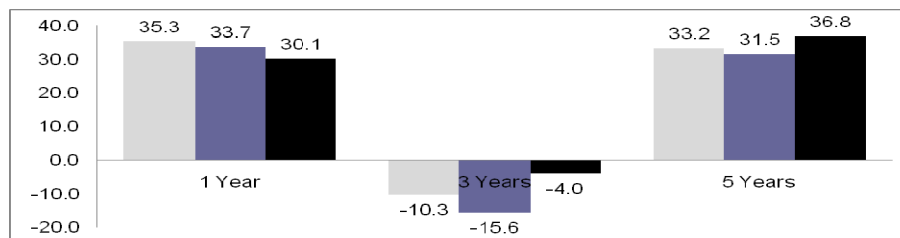
Finsbury Growth & Income Trust PLC invests in the shares of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of its benchmark, the FTSE All-Share Index (net dividends reinvested).

## 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  | 2009 |
|-------------------|------|------|------|-------|-------|------|
| NAV               | 31.4 | 21.7 | 22.0 | -3.5  | -31.3 | 35.3 |
| Share Price       | 43.4 | 29.2 | 20.5 | -10.3 | -29.6 | 33.7 |
| Index             | 12.8 | 22.0 | 16.8 | 5.3   | -29.9 | 30.1 |

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

## Commentary

During the month the NAV rose 5.3% compared to the index which rose 4.3%.

December brought a Santa Claus rally for UK equities, with gains across the board. The renewed enthusiasm for Mining shares continued, but thankfully, so far as we are concerned, investors were prepared to look more widely too. Some of our "market proxies" enjoyed a storming month – with Hargreaves Lansdown up 10% and Schroders 16% - as it became clear that rising equity markets are delivering a double benefit for these companies. Namely higher FUM and increased new business flows. As long as the UK's yield curve remains so positively sloped (short rates much, much lower than longer-dated), then cash is likely to flow out of deposit accounts, with their piffling returns, into funds. The two fund managers named above are major beneficiaries, but so are other holdings, such as Rathbone and the LSE. In addition, some laggards put in a better showing, as investors look into 2010 for better times. For instance, Diageo and Unilever offered some belated performance, as investor confidence in the Emerging Market story intensified. Reed Elsevier, a big holding and a disappointing 2009 performer, closed the year with a monthly gain of 12.5% and still looks very undervalued to us.

It was a good year for the other Media and Technology shares in the portfolio, led by Fidessa, which more than doubled and Pearson, a major holding, which returned over 40%. We still see this area as one of the most likely to deliver positive surprises into 2010, as market-beating earnings growth combines with, likely, increasing M&A activity. Comcast's bid for NBC's content assets, announced in December, was yet another deal transforming the US TMT landscape and took place at a valuation some 40% higher than that of the average big-cap Media stock in that market.

Your Company delivered a strong relative NAV performance in calendar 2009, outperforming the FT All-Share by over 5%, admittedly after two consecutive sub-par years. We would love to provide shareholders with another good year in 2010. If we are correct about TMT and if the Cadbury saga resolves satisfactorily then there is every chance we can do so.

## 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.

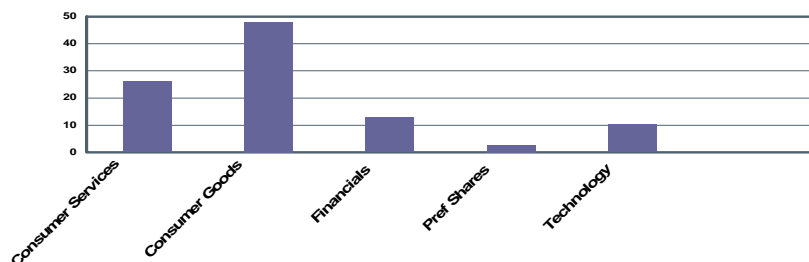
## Finsbury Growth & Income Trust PLC

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

| Name              | Sector            | Total       |
|-------------------|-------------------|-------------|
| Diageo            | Consumer Goods    | 11.1        |
| Barr (AG)         | Consumer Goods    | 11.1        |
| Unilever          | Consumer Goods    | 11.1        |
| Cadbury           | Consumer Goods    | 10.1        |
| Pearson           | Consumer Services | 7.3         |
| Fidessa           | Technology        | 5.5         |
| Sage              | Technology        | 4.8         |
| Schroders         | Financials        | 4.6         |
| Reed Elsevier     | Consumer Services | 4.4         |
| Rathbone Brothers | Financials        | 3.9         |
| <b>Total</b>      |                   | <b>73.9</b> |

Lloyds Banking Group: Ordinary shares now 0% and Preference shares now 2.8%

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



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

|         |       |
|---------|-------|
| 1 year  | 133.7 |
| 3 years | 84.4  |
| 5 years | 131.5 |

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

### Standardised Discrete Performance (%)

| Percentage Growth<br>12 Month Return | Dec 04-<br>Dec 05 | Dec 05-<br>Dec 06 | Dec 06-<br>Dec 07 | Dec 07-<br>Dec 08 | Dec 08-<br>Dec 09 |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| NAV                                  | 21.7              | 22.0              | -3.5              | -31.3             | 35.3              |
| Share Price                          | 29.2              | 20.5              | -10.3             | -29.6             | 33.7              |
| Index                                | 22.0              | 16.8              | 5.3               | -29.9             | 30.1              |

### 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 December 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/<br>31 March   |
| Capital Structure                            | 50,485,031 Ordinary shares<br>of 25p<br>2,312,392 Treasury shares |

### Trust Characteristics

|                                    |                                     |
|------------------------------------|-------------------------------------|
| Number of Holdings                 | 23                                  |
| Net Assets (£m)                    | £128.8m                             |
| Dividend Policy                    | Provisional dates: May &<br>October |
| Current Net Yield                  | 3.9%                                |
| Gearing (AIC basis)                | 111                                 |
| Share Price (p)                    | 243.50                              |
| NAV (p) Undiluted                  | 255.05                              |
| (Discount) / Premium Undiluted     | (4.53%)                             |
| NAV (p) Fully-diluted              | 254.55                              |
| (Discount) / Premium Fully-diluted | (4.34%)                             |

### Codes

|           |              |
|-----------|--------------|
| Sedol     | 0781606      |
| ISIN      | GB0007816068 |
| Bloomberg | FGT LN       |
| Epic      | FGT          |

### How to Contact Us

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Authorised and regulated by the Financial Services Authority.

