



# Finsbury Growth & Income Trust PLC

Managed by  
Frostrow Capital LLP

Investment Manager  
Lindsell Train Limited



Nick Train

Fund Information as at 31 March 2008

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

## Investment Objective and Benchmark Index

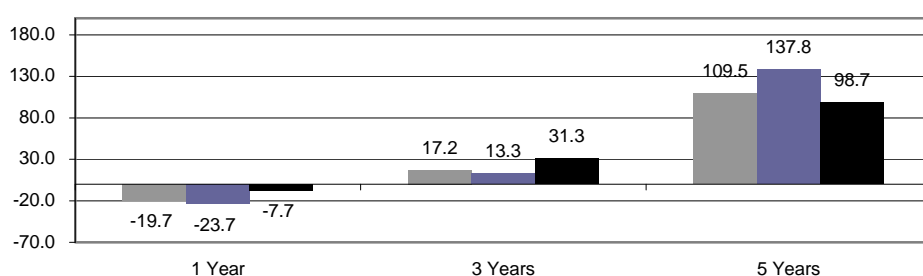
Finsbury Growth & Income Trust PLC invests in the shares of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of its benchmark, the FTSE All-Share Index (net dividends reinvested).

## 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	-14.3
Share Price	27.6	43.4	29.2	20.5	-10.3	-13.1
Index	20.9	12.8	22.0	16.8	5.3	-9.9

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

## Investment Outlook

During the month of March the NAV declined by 4.7% while the index declined by 2.1%.

We have been long term investors in both HBOS ordinary and HBOS preference shares and combined these holdings amount to c10% of your Company's NAV (4% ordinary, 6% preference). Twelve months ago, if you had forecast to us the problems of the global banking sector we would have argued that HBOS would have been the least afflicted UK institution - this because of its pre-eminent domestic deposit franchise and the predominance of mortgages within its loan book, historically the least risky type of bank lending. It has, therefore, been more than usually disturbing for us to experience the recent bear raid on HBOS, calling into doubt not just its profitability, but, indeed, its very survival. The shocking collapse of Bear Stearns highlights how rapidly banks' goodwill can evaporate, if confidence in solvency is lost and we must acknowledge that we cannot ascribe a zero possibility to a similar outcome for HBOS.

We have taken one action in the face of this crisis of confidence. Last month we sold our holding in another bank, Bradford & Bingley, after a meeting with management that failed to satisfy us as to why it had invested significant sums in US sub-prime debt, with subsequent, almost certainly permanent, losses (in contrast to HBOS where there has been no impairment to its Treasury assets). We reinvested a proportion of the B&B capital into both HBOS ordinary and Lloyds TSB shares (as well as some more Unilever), being keen to maintain exposure to the sector at what we expect will be regarded, in hindsight, as a "once in a generation" opportunity to access substantive banks at book value, or below. Our appetite for more HBOS is based on our assumption that it faces a Profit and Loss Account challenge over the next few years, but not a Balance Sheet challenge that might precipitate bankruptcy. If we are correct both the ordinary and preference shares will perform well. In fact, the likely economic environment of falling UK interest rates and a rising UK savings ratio should benefit HBOS more than any other UK bank. What would make us sellers of HBOS would be a manifest loss of depositor confidence in the bank, as with Northern Rock. This has not happened and we earnestly hope that it never does. These, though, are extraordinary times.

## 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.

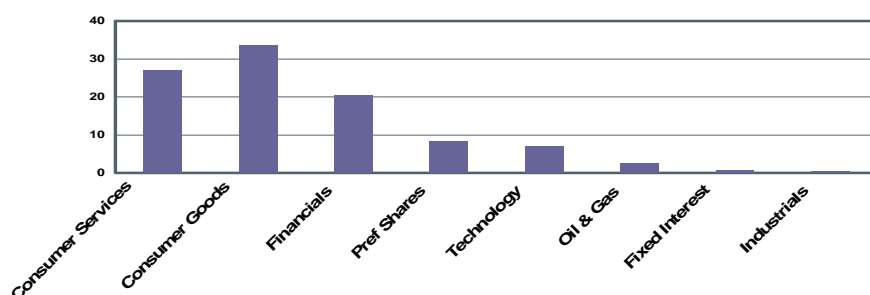
# Finsbury Growth & Income Trust PLC

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

Name	Sector	Total
Diageo	Consumer Goods	10.0
HBOS	Financials	9.7
Cadbury Schweppes	Consumer Goods	8.5
Unilever	Consumer Goods	8.4
Barr (AG)	Consumer Goods	6.7
Pearson	Consumer Services	5.3
Lloyds TSB	Financials	5.2
Reed Elsevier	Consumer Services	4.8
Reuters	Consumer Services	4.8
Rathbones Brothers	Financials	4.4
<b>Total</b>		<b>67.8</b>

HBOS shares are split: Ordinary shares 3.9% & Preference shares 5.8%

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



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

YTD	86.9
1 year	76.3
3 years	113.3
5 years	237.8

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

## Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Mar 03- Mar 04	Mar 04- Mar 05	Mar 05- Mar 06	Mar 06- Mar 07	Mar 07- Mar 08
NAV	36.6	30.9	27.9	14.1	-19.7
Share Price	51.5	38.5	32.1	12.4	-23.7
Index	31.0	15.6	28.0	11.1	-7.7

## 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 March 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>	52,674,423 Ordinary shares of 25p 123,000 Treasury shares

## Trust Characteristics

<b>Number of Holdings</b>	27
<b>Net Assets (£m)</b>	£134.4m
<b>Dividend Policy</b>	Provisional dates: May & October
<b>Current Net Yield</b>	3.7%
<b>Gearing (AIC basis)</b>	110
<b>Share Price (p)</b>	246.00
<b>NAV (p)</b>	Undiluted 255.18
<b>(Discount) / Premium</b>	Undiluted (3.60%)
<b>NAV (p)</b>	Fully-diluted 255.15
<b>(Discount) / Premium</b>	Fully-diluted (3.59%)

## 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 no longer available to private investors through Close Investments. The majority of those investors transferred their holdings in the Trust to similar schemes offered by Alliance Trust Savings. New and existing holders can now access the Trust via: [www.alliancetrust.co.uk](http://www.alliancetrust.co.uk)

## How to Contact Us

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Authorised and regulated by the Financial Services Authority.

