

Annual Report for the  
year ended 30 September 2023



FINSBURY  
GROWTH &  
INCOME TRUST PLC

LINDSELL TRAIN

**Frostrow**  
CAPITAL

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Please note that the Notice of Annual General Meeting is set out in a separate document.

# Financial Calendar

## FINANCIAL YEAR END

30 September

## FINAL RESULTS ANNOUNCED

December

## ANNUAL GENERAL MEETING

Tuesday, 23 January 2024

## HALF YEAR END

31 March

## HALF YEAR RESULTS ANNOUNCED

May

## INTERIM DIVIDENDS PAYABLE

May and November



For more information about Finsbury Growth & Income Trust PLC visit the website

[WWW.FINSBURYGT.COM](http://WWW.FINSBURYGT.COM)



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# Company Summary

Finsbury Growth & Income Trust PLC is a listed investment company and a constituent of the FTSE 250. The Company is a member of the Association of Investment Companies ("AIC").

## OBJECTIVES AND PERFORMANCE MEASUREMENT

The Company aims to achieve capital and income growth and to provide shareholders with a total return in excess of that of the FTSE All-Share Index (the Company's benchmark).

The Company's net assets as at 30 September 2023 were £1,822.7 million (2022: £1,830.4 million) and the market capitalisation was £1,742.5 million (2022: £1,725.9 million). An explanation of the movement in total net assets is set out on page 74.

The net asset value per share increased by 7.2% during the financial year to 30 September 2023 on a total return basis (2022: -5.8%). The detail of this movement can be found on page 20.

## DIVIDENDS

A first interim dividend of 8.5p per share was paid on 19 May 2023 to shareholders registered at close of business on 11 April 2023. The associated ex-dividend date was 6 April 2023.

A second interim dividend of 10.5p per share was paid on 10 November 2023 to shareholders registered at close of business on 6 October 2023. The associated ex-dividend date was 5 October 2023.

The total dividend declared for the year was therefore 19.0p per share (2022: 18.1p per share), an increase of 5.0%.

The Company's Dividend Policy can be found on page 20.

# Company Performance

## KEY FACTS

## 891.2p

Net asset value per share  
2022: 848.4p (change: +5.0%)

## 852.0p

Share price  
2022: 800.0p (change: +6.5%)

## 4.4%

Discount of share price to net asset value per share<sup>^</sup>  
2022: 5.7%

## 61.4p

Return/(loss) per share<sup>†</sup>  
2022: (53.4)p

## 85.3%

Active Share<sup>\*^</sup>  
2022: 84.8%

## 19.0p

Total dividends per share for the year<sup>†</sup>  
2022: 18.1p (change: +5.0%)

## FIVE YEAR PERFORMANCE SUMMARY

AS AT 30 SEPTEMBER	2019	2020	2021	2022	2023
Share price	942.0p	840.0p	876.0p	800.0p	852.0p
Net asset value per share	935.6p	846.2p	917.7p	848.4p	891.2p
Premium/(discount) of Share price to net asset value per share	0.7%	(0.7)%	(4.5)%	(5.7)%	(4.4)%

YEAR ENDED 30 SEPTEMBER	2019	2020	2021	2022	2023
Share price total return <sup>*^</sup>	+17.4%	(9.0)%	+6.3%	(5.6)%	+7.5%
Net asset value per share total return <sup>*^</sup>	+17.4%	(7.7)%	+10.6%	(5.8)%	+7.2%
FTSE All-Share Index total return <sup>** #</sup>	+2.7%	(16.6)%	+27.9%	(4.0)%	+13.8%
Total return/(loss) per share <sup>†</sup>	143.8p	(67.1)p	88.0p	(53.4)p	61.4p
Dividends per share <sup>†</sup>	16.6p	16.6p	17.1p	18.1p	19.0p

\* Source: Morningstar

\*\* Source: FTSE International Limited ("FTSE") © FTSE, 2023

# See glossary of terms and alternative performance measures on pages 93 to 97)

^ Alternative Performance Measure ("APM") (see glossary on pages 93 to 97)

† UK GAAP Measure

**7.2%****Net asset value per share total return\*<sup>^</sup>**  
2022: -5.8%**£1.823bn****Shareholders' funds<sup>†</sup>**  
2022: £1.830bn (change: -0.4%)**0.61%****Ongoing charges<sup>^</sup>**  
2022: 0.60%**7.5%****Share price total return\*<sup>^</sup>**  
2022: -5.6%**204,519,434**

(excluding 20,471,869 shares held in Treasury)

**Number of shares in issue**  
2022: 215,737,992 (Treasury shares 2022: 9,253,311)  
(change: -5.2%)**0.8%****Gearing<sup>^</sup>**  
2022: 1.2%

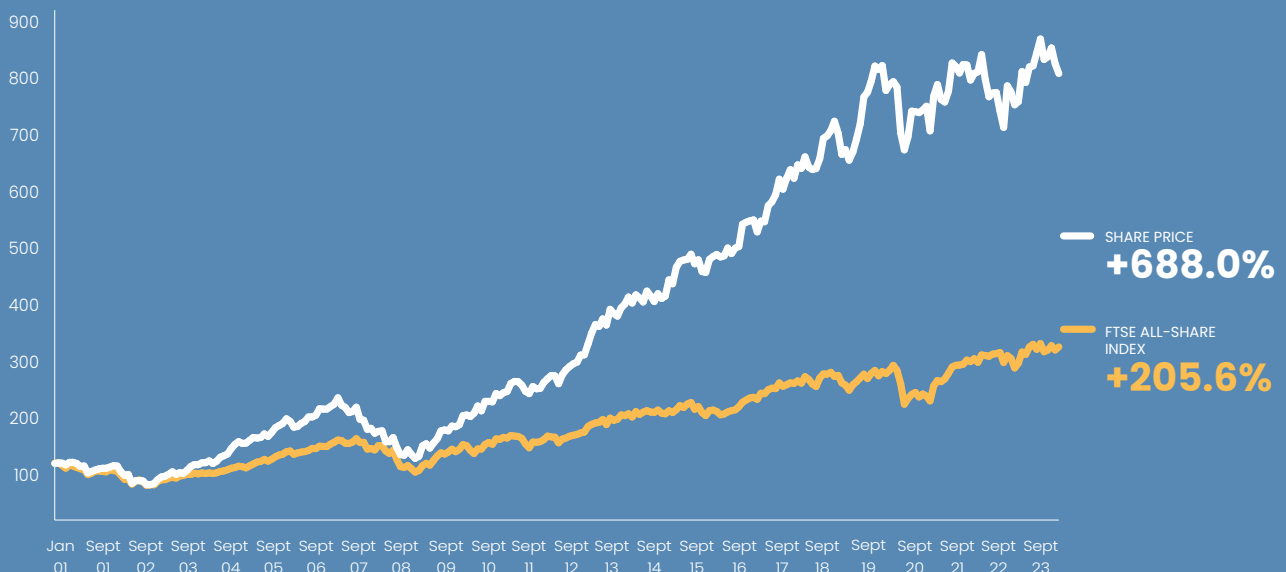
\* Source – Morningstar

<sup>^</sup> Alternative Performance Measure (see glossary on pages 93 to 97)<sup>†</sup> UK GAAP Measure

The Company was incorporated in Scotland on 15 January 1926. Lindsell Train Limited ("Lindsell Train") was appointed as Portfolio Manager in December 2000. The total return of the Company's share price over the ten years to 30 September 2023 has been 118.9%, equivalent to a compound annual return of 8.2%. This compares with a total return of 71.8%\* from the Company's benchmark, equivalent to a compound annual return of 5.6%\*.

\* Source: Morningstar, FTSE International Limited ("FTSE") © FTSE2023

### PERFORMANCE SINCE THE DATE OF APPOINTMENT OF LINDSELL TRAIN AS PORTFOLIO MANAGER TO 30 SEPTEMBER 2023



Source: Morningstar

Rebased to 100 as at 1 January 2001

# Key Performance Indicators (“KPIs”)

The Board uses certain financial and non-financial KPIs to monitor and assess the performance of the Company in achieving its strategic aims.

The Board reviews the performance of the portfolio in detail and hears the views of the Portfolio Manager at each meeting.

Information on the Company's performance is provided in the Chairman's Statement (beginning on page 6) and the Portfolio Manager's Review (beginning on page 10).

This performance is assessed against the following KPIs which are unchanged from last year.

## Alternative Performance Measures (“APM”)

The Board believes that each of the APMs, which are typically used within the investment company sector, provides additional useful information to Shareholders in order to assess the Company's performance between reporting periods and against its peer group. The APMs used for the year under review are unchanged from last year. Further information on each of the APMs can be found in the glossary beginning on page 93.

<sup>^</sup> Alternative Performance Measure (see glossary on pages 93 to 97)

<sup>†</sup> UK GAAP Measure

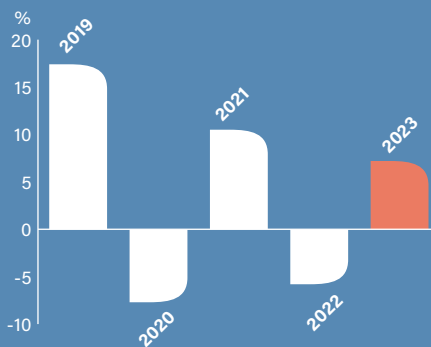
\* Source: Morningstar

# 7.2%

## NET ASSET VALUE TOTAL RETURN<sup>A\*</sup>

This reflects the change in the Company's net asset value including the impact of reinvested dividends.

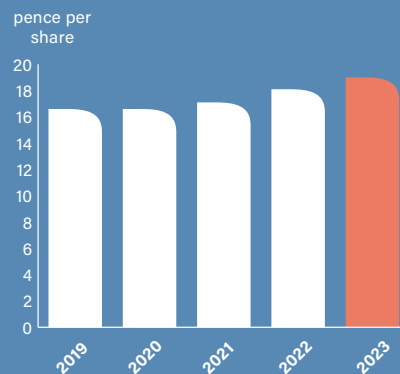
During the year under review the Company's net asset value per share total return was 7.2% (2022: -5.8%).



# 19.0p

## DIVIDENDS PER SHARE<sup>†</sup>

The total dividend declared for the year was 19.0 pence per share (2022: 18.1 pence per share), an increase of 5.0%.



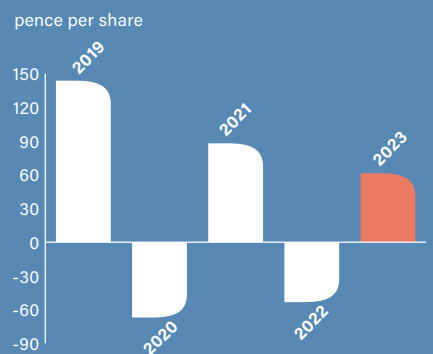
# 61.4p

## RETURN/(LOSS) PER SHARE<sup>†</sup>

The total return per share for the year was 61.4 pence per share (2022: loss of 53.4 pence per share).

Over five years, the Company earned a total of 172.7 pence per share.

See the chart below for the five year history:



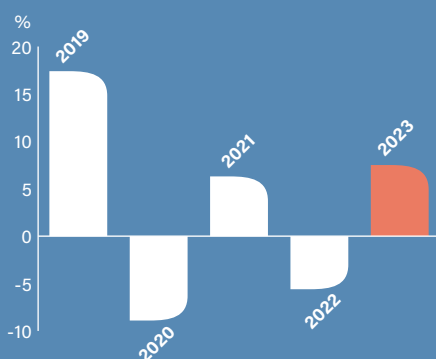


# 7.5%

## SHARE PRICE TOTAL RETURN<sup>^</sup>

This reflects the change in the value of the Company's share price including the impact of reinvested dividends.

During the year under review the Company's share price total return was 7.5% (2022: -5.6%).



# (6.3)%

## RELATIVE PERFORMANCE TO BENCHMARK AND PEER GROUP

The Company's benchmark is the FTSE All-Share Index (total return) which delivered a return of 13.8% (2022: -4.0%) over the year. This compares with the Company's share price total return of 7.5% (2022: -5.6%) resulting in a 6.3% underperformance against the benchmark.

The Board also monitors the Company's share price return\* against its AIC peer group<sup>^</sup>. As at 30 September 2023 the Company's ranking against its peer group of UK Equity income sector was:

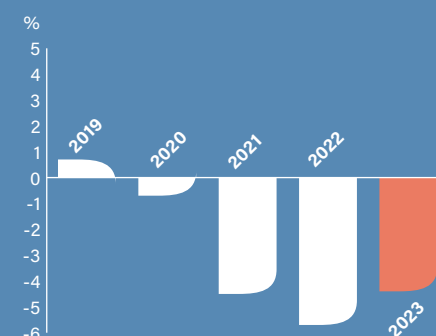
Period	Rank out of 23	
	2023	2022
1 yr	14	5
3 yr	22	20
5 yr	9	4
10 yr	2	2

# (4.4)%

## SHARE PRICE DISCOUNT/ PREMIUM TO NET ASSET VALUE PER SHARE<sup>^</sup>

The Board reviews the level of discount/premium to net asset value per share at every Board meeting and consideration is given to ways in which the share price performance may be enhanced, including the effectiveness of marketing, share issuance and buy-backs, where appropriate. Details of how the Company's share buy-back and issuance policy works can be found in the Statutory Documentation section on the Company's website.

No shares were issued by the Company during the year (2022: Nil). At 30 September 2023 the Company's share price stood at a 4.4% discount to the Company's net asset value per share (2022: 5.7% discount).



During the year, the Company bought back 11,218,558 shares into Treasury (2022: 9,253,311) at an average price of 870.6 pence and an average discount of 4.8%.

Since the year end to 5 December 2023 the Company has purchased a further 5,045,317 shares to be held in Treasury.

<sup>^</sup> Alternative Performance Measure (see glossary on pages 93 to 97)

\* Source: Morningstar

# Chairman's Statement

SIMON HAYES  
CHAIRMAN



## PERFORMANCE

It is disappointing to report that while the Company's net asset value per share has showed a positive return, this is the third consecutive year of underperformance relative to its benchmark, the FTSE All-Share Index.

This marks the longest such period for the Company since Lindsell Train was appointed as the Company's Portfolio Manager in December 2000. It means that while shareholders have benefited from a strong long-term performance record, this is not the case for more recent investors, who will have experienced weak relative returns.

The Company's net asset value per share returned 7.2% (2022: -5.8%) over the course of the year, compared with its benchmark which over the period generated a return of 13.8% (2022: -4.0%). The share price total return over the same period was 7.5% (2022: -5.6%).

As the primary purpose of any investment company must be to produce attractive returns for investors, the recent track record is concerning and has been the focus of your Board's attention. Our role on behalf of shareholders is to hold the Portfolio Manager to account and to challenge constructively, a process which Nick Train fully embraces, I am pleased to say.

The Board will continue to monitor performance closely. While investors' attention is inevitably drawn to shorter-term macroeconomic and geopolitical news, we encourage the Portfolio Manager to continue to focus on delivery over the long term.

We remain supportive of Lindsell Train's investment approach, namely running a highly concentrated portfolio of high quality businesses with high returns on equity, and believe that ultimately this will be reflected in the share prices of the companies we own and hence in the performance of the Company.

Importantly, there has been a consistency in the stated investment philosophy and that is reflected in the portfolio's constituents. At the same time, there is room for some portfolio evolution, as Nick Train points out in his report beginning on page 10, with an increasing role within the portfolio for data, analytics and software companies.

As it is always important to point out, a highly concentrated portfolio means higher risk, particularly in the short-term. At 30 September 2023, the Company's Active Share – a measure of how much it varies from the FTSE All-Share Index benchmark – was 85.3% (2022: 84.8%). Such an uncorrelated portfolio will inevitably perform very differently from the wider market, whether positively or negatively.

I urge you to read Nick Train's very helpful review beginning on page 10 where he discusses candidly the reasons for the relative underperformance and describes in detail the portfolio's composition and why he believes it offers the possibility of better future returns.

## SHARE BUY-BACKS

The Board keeps the Company's discount under close review and is committed to buying back its own shares at or near the 5% level, in accordance with its policy.

While share buy-backs will not necessarily prevent the discount from widening further, particularly in times of market volatility, they may, to a limited extent, mitigate a widening trend. In addition, buy-backs enhance the net asset value per share for remaining shareholders, provide some additional liquidity and help to dampen discount volatility which can damage shareholder returns.

Discounts are affected by many factors outside the Company's control but where it is in Shareholders' interests (taking account of market conditions), the Company remains committed to buying back shares at a discount to NAV, as demonstrated over the past year.

As at 30 September 2023 the discount was 4.4% compared with a closing discount at the last year end of 5.7%. During the year under review the Company bought back a total of 11,218,558 shares (5.5% of the shares in issue) into Treasury at a cost of approximately £97.7 million and at an average discount of 4.8%. Over the course of the year the Company's discount averaged 4.5%.

As at the close of the UK market on 5 December 2023, the discount was 6.4%. Since the year end, a further 5,045,317 shares were bought back into Treasury at a cost of £41.5 million. As at 5 December 2023, the Company had 199,474,117 shares in issue (excluding 25,517,186 shares held in Treasury).

## RETURN AND DIVIDEND

The Income Statement shows a total return of 61.4p per share (2022: loss of 53.4p) consisting of a revenue return per share of 20.0p (2022: 20.6p) and a capital return per share of 41.4p (2022: loss of 74.0p).

Your Board has declared two interim dividends for the year totalling 19.0p per share (2022: 18.1p), an increase of 5%. In order to facilitate dividend payments on a timely and cost-effective basis, your Board continues to elect to distribute the Company's income to Shareholders by means of two interim dividends rather than wait several months to secure shareholder approval to pay a final dividend at the Annual General Meeting. This dividend policy will again be proposed for approval at the forthcoming Annual General Meeting (AGM).



## LOAN FACILITY

As at 30 September 2023 a total of £36.7 million (2022: £36.7 million) was drawn down under our £60 million facility.

Further details can be found within the Report of the Directors and note 12 to the Financial Statements.

## INCREASE TO DIRECTORS' FEES CAP

The Board of Directors is proposing to increase the maximum aggregate amount potentially payable to Directors by way of fees for their services as Directors under Article 122 from £200,000 to £300,000 in any financial year.

This proposed limit increase is not due to any unusual rises in Directors' fees, which are expected to be approximately £192,000 in the current financial year.

An ordinary resolution will be put to Shareholders at the AGM to increase this limit to £300,000. Further details can be found in the Report of the Directors and in the Directors' Remuneration Report on page 57.

## CANCELLATION OF SHARE PREMIUM ACCOUNT

As detailed on page 43, the Company has built up a substantial share premium account owing to historic high levels of share issuance. A special resolution will be put to Shareholders at the AGM to cancel the amount standing to the credit of the Company's share premium account, following which an application will be made to the Scottish Court of Session to obtain its approval to the cancellation and the creation of an equivalent distributable reserve.

## AUDIT TENDER

The Audit Committee is in the process of conducting an audit tender which is due to be completed in early 2024. Accordingly, the Board has not proposed the re-election of the current auditor, PricewaterhouseCoopers LLP, at the forthcoming AGM. The Board will appoint the successful audit firm to carry out the audit for the year ending 30 September 2024 and will recommend their appointment (or re-appointment) to Shareholders at the AGM held in 2025.

## ANNUAL GENERAL MEETING

The AGM of the Company this year will again be held at Guildhall, City of London EC2V 7HH (please use the Basinghall Street Entrance) on Tuesday, 23 January 2024 at 12 noon, and we hope as many Shareholders as possible will attend. This will be an opportunity to meet the Board and to receive a presentation from our Portfolio Manager.

The Board strongly encourages all Shareholders to exercise their votes in respect of the meeting in advance. Details of how Shareholders can vote, whether holding their shares directly or on retail platforms, is set out in the Notice of Meeting. Any Shareholder who requires a hard copy form of proxy may request one from the Registrar, Link Group.

## OUTLOOK

Your Board continues to support fully the Portfolio Manager's disciplined strategy of investing in high quality companies that own both durable and cash generative franchises. It has delivered attractive returns over the longer term and we firmly believe that this will continue to deliver strong investment returns to shareholders in the future.

Our belief is clearly shared with our Portfolio Manager who has continued to buy shares in the Company. From 1 October 2022 to the date of this Report, Nick Train has acquired 659,604 shares and currently speaks for 2.6% of the equity of the Company (December 2022: 2.2%).

**Simon Hayes**

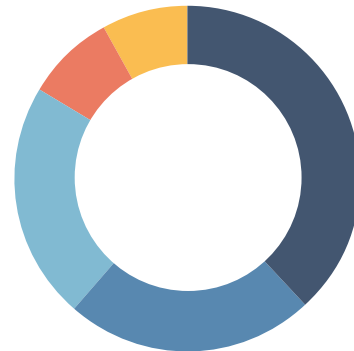
Chairman

6 December 2023

# Investment Portfolio



## PORTFOLIO SECTOR WEIGHTINGS\*

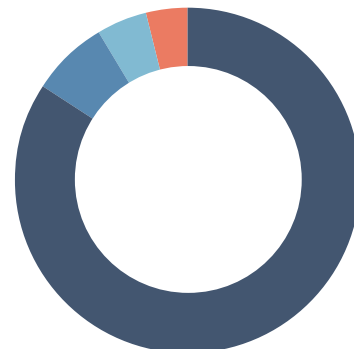


	2023	2022
Consumer Staples ("CS")	38.0%	43.4%
Consumer Discretionary ("CD")	23.4%	22.1%
Financials ("F")	22.3%	22.2%
Technology ("T")	8.4%	6.2%
Industrials ("I")	7.9%	6.1%

Source: Frostrow Capital LLP

+ FTSE Industrial Classification Benchmark ("ICB") sectors.

## GEOGRAPHICAL ALLOCATION†



	2023	2022
United Kingdom	84.2%	80.8%
United States of America	7.3%	8.2%
Netherlands	4.8%	5.2%
France	3.7%	5.8%

Source: Frostrow Capital LLP

† The Company's investment policy attributes geographical location based on where companies are listed or otherwise incorporated, domiciled or having significant business operations.

## INVESTMENTS AS AT 30 SEPTEMBER 2023

SECTOR	INVESTMENTS	FAIR VALUE 1 OCTOBER 2022 £'000	NET INVESTMENTS £'000	CAPITAL APPRECIATION/ (DEPRECIATION) £'000	FAIR VALUE 30 SEPTEMBER 2023 £'000	% OF INVESTMENTS	TOTAL RETURN £'000	CONTRIBUTION PER SHARE (PENCE)
● CD	RELX	221,773	(47,831)	53,886	227,828	12.4	59,085	28.2
● F	London Stock Exchange Group	197,375	(109)	15,696	212,962	11.6	18,576	8.9
● CS	Diageo	229,472	(1,089)	(45,888)	182,495	9.9	(41,075)	(19.6)
● CS	Unilever	171,560	(12,108)	4,247	163,699	8.9	10,550	5.0
● T	Sage	114,658	(7,098)	46,506	154,066	8.4	49,531	23.6
● CD	Burberry	147,049	(10,205)	10,301	147,145	8.0	15,117	7.2
● I	Experian	112,265	32,413	125	144,803	7.9	2,146	1.0
● CS	Mondelez International#	152,381	(40,477)	22,052	133,956	7.3	24,717	11.8
● F	Schroders	108,821	(14,182)	6,674	101,313	5.5	12,288	5.9
● CS	Heineken†	96,516	(8,262)	315	88,569	4.8	2,576	1.2
<b>Top 10 Investments</b>					<b>1,556,836</b>	<b>84.7</b>		
● CS	Remy Cointreau^	107,384	(4,940)	(34,276)	68,168	3.7	(32,892)	(15.6)
● F	Hargreaves Lansdown	67,279	(1,691)	(7,254)	58,334	3.2	(6,275)	(3.0)
● CS	Fever-Tree	26,713	2,231	11,964	40,908	2.2	12,521	6.0
● CD	Manchester United#	27,243	176	9,915	37,334	2.0	9,915	4.7
● F	Rathbone Brothers	22,989	(1,138)	1,447	23,298	1.3	3,096	1.5
● CS	A.G. Barr	20,145	(36)	1,593	21,702	1.2	2,173	1.0
● F	The Lindsell Train Investment Trust plc	9,720	-	(960)	8,760	0.5	(445)	(0.2)
● CD	Young & Co's Brewery (non-voting)	6,191	(509)	1,426	7,108	0.4	1,636	0.8
● CD	Rightmove		4,823	(2)	4,821	0.3	27	0.0
● CD	Celtic*	3,754	-	577	4,331	0.2	584	0.3
● F	Frostrow Capital LLPΔ**	4,725	-	(1,000)	3,725	0.2	(557)	(0.3)
● CD	Fuller Smith & Turner	2,565	(1,773)	464	1,256	0.1	514	0.2
● CD	Cazoo#	1,500	-	(1,421)	79	0.0	(1,421)	(0.7)
<b>Total Investments</b>		<b>1,852,078</b>	<b>(111,805)</b>	<b>96,387</b>	<b>1,836,660</b>	<b>100.0</b>		
<b>Bank interest and miscellaneous income</b>							205	0.0
<b>Total Contributions to Total Return</b>							<b>142,592</b>	<b>67.9</b>
<b>Expenses, Currency Translations and Finance Charges</b>							<b>(13,734)</b>	<b>(6.5)</b>
<b>Return on Ordinary Activities after Taxation</b>							<b>128,858</b>	<b>61.4</b>

# Listed in the United States

† Listed in Netherlands

^ Listed in France

Δ Unquoted

\* Includes Frostrow Capital LLP AIFM Investment, fair value £125,000 (2022: £125,000)

\*\* Includes Celtic 6% cumulative convertible preference shares, fair value £267,000 (2022: £242,000)



# Portfolio Manager's Review



**NICK TRAIN**  
**LINSELL TRAIN LIMITED**  
PORTFOLIO MANAGER

## PERFORMANCE

Three years is a meaningful period to review the performance of a portfolio manager, particularly one like Lindsell Train Limited (“Lindsell Train”) which takes greater investment risk than the typical manager and therefore should generate superior returns. It is, therefore, disappointing for me to report on the Company’s performance over the last three years, to 30 September 2023. This shows a net asset value (“NAV”) per share total return of 11.8% that is well adrift of the Company’s benchmark (the FTSE All-Share’s) gain of 39.8%. There have been three consecutive financial years of underperformance, with the most recent 12 months showing a NAV per share total return of 7.2%, compared with the benchmark 13.8%.

I assure you that at Lindsell Train we are not complacent about underperformance and have continued to think hard about all the holdings within the portfolio and to consider whether our previously successful investment approach remains relevant in the third decade of the 21st Century.

Below, I review reasons for the underperformance and then discuss aspects of the portfolio’s construction and composition that offer the possibility of better future returns.

## UNDERPERFORMANCE

There are three main factors that combined explain the poor relative performance.

First, in the financial year ending 30 September 2020, not holding oils, metals and banks during the Covid-19 crisis had been a boost to relative performance; one that reinforced my longstanding aversion to investing in those sectors. Since then, however, it has been the economically sensitive, more cyclical sectors that have rallied most in the UK stock market. For example, the share price of the Company’s big holding in “defensive” Unilever is little changed over the last three years. Meanwhile on a total return basis Shell has risen by 203%, BP +173%, Glencore +255%, Rio Tinto +48% and HSBC +145%. These are all major FTSE All-Share constituents and it has hurt the Company not to own them. Indeed, we calculate that not owning those five companies has contributed to over two thirds of my underperformance over the past three years.

I am not saying I wish I had purchased a basket of commodity and bank shares in late 2020, because that would have run counter to Lindsell Train’s, I hope, clearly stated investment approach. But I do wish the portfolio had benefited more from the end-of-Covid-19 bounce.

Next, I must acknowledge that some of my highest conviction and longstanding holdings performed poorly over the period, exacerbating the impact of not participating in the cyclical upswing. London Stock Exchange Group (“LSEG”), Hargreaves Lansdown (“HL”) and even the more recently purchased Fever-Tree are examples.

Finally, and in my view even more significant than the above, at least for future performance, I underestimated the

significance of technology change. There has been, obviously, a huge bull market in companies that are beneficiaries of technology change, and it is clear Covid-19 acted as an accelerant for industry, consumer and stock market trends that had already been gathering momentum in the second decade of the 21st Century. Finding UK-listed data, analytics and software companies that are beneficiaries of technology change has been and remains a priority for me and in RELX and Sage, for instance, there has been some success. In hindsight, at the start of the recent three-year period, I wish I had even more exposure to digital winners.

In my detailed discussion of portfolio holdings below I hope it will be apparent how I have responded to these challenges.

## INVESTMENT APPROACH

Shareholders will not be surprised to read that I reaffirm the tenets of Lindsell Train's investment approach, as being the best way, for us at least, to deliver on my aspiration to deliver exceptional investment returns.

Lindsell Train runs concentrated portfolios of what we believe to be excellent businesses. We hope and expect the value being created inside these companies, as measured by their sustainable Returns on Equity ("RoE"), will create wealth for our investors over time. The average weighted RoE for the Company's portfolio as at 30 September 2023 was 26%. We know what the effects can be of owning fine businesses in size over long periods, because we have already done so for the Company since Lindsell Train's appointment. Over 20 years Diageo's share price total return is up over sevenfold, LSEG thirty fivefold, RELX ninefold and even Unilever is up sixfold. Concentration can cut both ways, as the Company's shareholders have experienced over the last three years, but if we can continue to hold and find new positions that can do for us what these have done over the next 20 years, then the Company certainly offers a differentiated and potentially rewarding portfolio and investment approach.

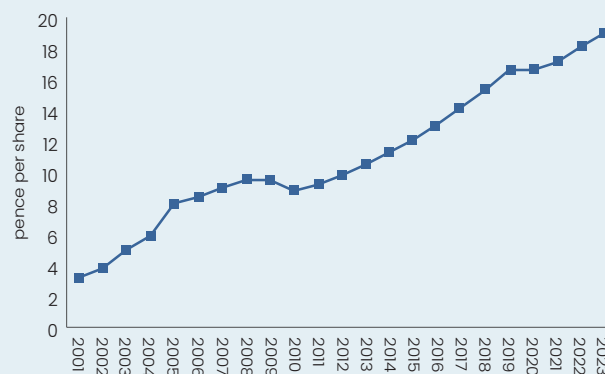
The Company's portfolio is indeed concentrated, with only 16 major holdings above 1% of NAV. I exclude holdings of below 1%, because they are insignificant in the affairs of the Company and are either being gradually disposed of or accumulated (combined holdings less than 1% of NAV, amount to 1.4% of the portfolio). The top ten holdings account for circa 85% of the total and the top 5 for circa 51%.

Confirmation that the portfolio is invested in profitable and growing businesses can be found in the fact that 91% of the portfolio holdings above 1.0% of NAV have increased their dividend this year (the exceptions are Manchester United and Schroders). Meanwhile more than 75% of the portfolio by value is either buying back shares or has paid a special dividend in 2023.

Below you can see a chart showing the progress of the Company's dividend payments since Lindsell Train's appointment as Portfolio Manager and, alongside it, the

dividend growth of individual portfolio holdings above 1% of NAV over that same period. As you can see, the dividend growth varies from the pedestrian – A.G. Barr (its dividend was suspended during Covid-19) – to the spectacular London Stock Exchange Group ("LSEG"). Generally, though, I think shareholders should be encouraged by the dividend histories of our big holdings. If their dividend growth continues, their share prices will follow.

### FINSBURY GROWTH & INCOME TRUST PLC – A HISTORY OF DIVIDEND GROWTH



Source: Frostrow Capital LLP. Historical dividend per share for Finsbury Growth & Income Trust PLC between 2001 and 2023. Figures for each year include dividends payable during the financial year ending 30 September. Nick Train was appointed investment manager of the Trust in December 2000. Please note that a special dividend paid in 2006 has been excluded from this graph. Past performance is not a guide for future performance.

### Portfolio dividend increases 2001 – 2023

A.G. Barr	3.7x
Burberry	20.3x
Diageo	3.7x
Experian	3.2x
Fever-Tree	15.2x
Hargreaves Lansdown	7.6x
Heineken	6.0x
London Stock Exchange Group	36.5x
Manchester United	not paying a dividend
Mondelez	2.8x
Rathbones Group	3.4x
RELX	5.6x
Remy Cointreau	3.3x
Sage	46.7x
Schroders	6.8x
Unilever	5.1x

Note: The following holdings only started paying a dividend in the years as indicated. Experian from 2007; Fever-Tree from 2015; Hargreaves Lansdown from 2008; and, Burberry from 2002. Data provided for Mondelez from 2002 (first full year of distributions).

## STRATEGIC REPORT

### PORTFOLIO MANAGER'S REVIEW – CONTINUED

## PORTFOLIO CONSTRUCTION AND CONSTITUENTS

The best way to convey our investment approach and my optimism for the Company's prospects is to discuss the investment case for each of our holdings and show how its presence in the portfolio is consistent with our strategic outlook. Therefore, I propose to do so in this report.

First, I will make a broad statement about that strategic outlook. We expect there will be an acceleration in technology innovation in coming decades. The result will be great new investment value created by companies that can take advantage of the new technologies. In addition, technology change can be expected to generate productivity-driven wealth for the world's population, albeit unequally distributed.

Given that outlook, a question is begged. Can a portfolio whose performance is measured against the FTSE All-Share Index, like the Company's, and that invests very predominantly in UK companies, be expected to deliver attractive investment returns? In my opinion the answer to that question is yes. Although that may surprise some, I hope shareholders will agree after reading this report that the Company's portfolio is comprised of companies that are well placed to participate in global growth.

The best way to review the Company's portfolio is to consider the four industry categories it is built around. These are, in order of size, as this report is written:

Data, Analytics and Software	44%
Luxury and Premium Consumer Brands	31%
Mass Market Consumer Brands	18%
UK Fund Management	7%

Source: Lindsell Train Limited.

## DATA, ANALYTICS AND SOFTWARE

This is the biggest category in the Company's portfolio, deliberately so, and it continues to grow as the constituent shares go up and because we have added new holdings here over the last three years. All the companies in this segment provide services, often to global customers, that are critical to their customers' ability to conduct their business or personal affairs. It is, in our opinion, also important to note that all these companies already use Artificial Intelligence ("AI")-enhanced tools to improve the value of their services. Indeed, we believe it is possible to argue that these UK-listed companies are as well positioned to take advantage of AI as most to be found quoted on other stock markets. If that proposition is correct, there could be significant scope for share price gains, because their valuations are often lower than for global peers. I discuss in order of position size.

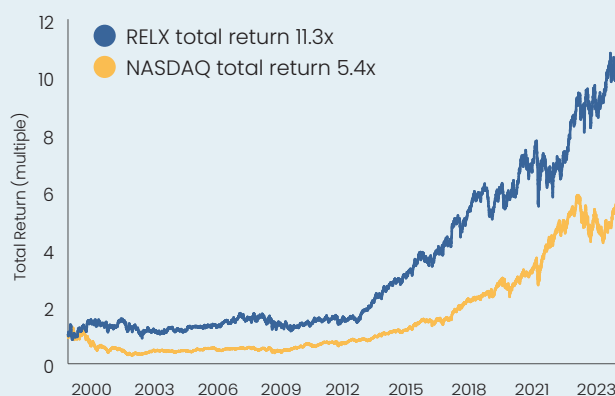
## RELX



The Company's biggest holding has recently hit an all-time high and is one of the best performers in the portfolio in 2023. It is the 11th biggest company in the FTSE 100 and its success and size is based on the importance of the data services it provides to professionals in the global scientific, legal and insurance industries. CEO, Erik Engstrom, has been in that role since 2009 (RELX shares are up nearly sevenfold since his appointment), but, meeting him again recently, it is clear that the company's strategic advantages and its growth opportunities are better than ever.

The chart below shows RELX's total share price return since the start of the current century, compared with that of the US NASDAQ Composite, expressed in Sterling. Even now, some of our clients are surprised to see how well RELX has done, even compared with the "home" of technology, the NASDAQ. We believe there are other UK-listed data and software companies that can perform as well in the future as we hope RELX will continue to do.

### RELX vs NASDAQ, GBP (£)



Source: Bloomberg.

All returns are provided in GBP. This is an illustrative example to demonstrate how a security can generate total return and how the manager looks at the security's long-term track record. This is not intended as a buy or sell recommendation. Past performance is not a guide for future performance. All data from 1 January 2000 to 30 September 2023.

**"Our ability to identify and leverage (AI Technology) ahead of others is a competitive advantage...this is the main driver in our growth rate and increasing value-add."**

**NICK LUFF, FD, RELX**



**LSEG**

London Stock Exchange Group ("LSEG") is the Company's second largest holding, in part because in 2023 its shares have, at last, shown a double-digit gain. Nonetheless, LSEG's shares are still below levels reached in 2021 and, as a result, have been a detractor to the Company's performance since then. After the acquisition of data company, Refinitiv, LSEG is now the world's leading provider of real-time financial data. The shares have had to contend with investor scepticism about the success of this acquisition and with a sizeable overhang of LSEG shares that the vendors of Refinitiv have signalled they intend to sell. To date, trading updates from the combined group have been encouraging and two thirds of the stock overhang has been placed. More important, in our opinion, is the joint venture that LSEG entered into with Microsoft, announced in December 2022. This joint venture, which involved Microsoft becoming a top ten shareholder in LSEG, is designed to accelerate LSEG's growth as a leading provider of data services to global financial institutions. Microsoft's CEO specifically cited the opportunity to use Microsoft's cloud-computing and AI capabilities to enhance LSEG's comprehensive data services.

**Experian**

This is a relatively new holding for the Company, initiated in 2020, specifically because I wanted to increase portfolio exposure to globally significant data and analytics companies. The shares are effectively unchanged since we began to buy and I have taken advantage of this period of underperformance to grow the position into one of the biggest in the Company's portfolio – 7.9%, as I write this report. Experian is the world's biggest credit bureau by revenues and, as a result, has more information about consumers and businesses than its peers and can offer a wider range of data products and software services too. If, as people argue, "Data is the new Oil", Experian owns and can access deep wells of the stuff, that others can't. The business has grown steadily since it listed in 2007, with earnings up nearly fourfold since then. Tools to extract value from data are becoming more powerful and we believe this will result in Experian's services becoming more valuable too.

**Sage**

Another strong share price performer for the Company in 2023, Sage shares are being rerated, as investors come to recognise the business success the company is enjoying after a period of necessary investment in its core accounting software services. At its recent Innovation & Product webinar, Sage's Chief Technology Officer announced the development of an AI-powered accounting assistant, a product created in partnership with Microsoft and soon to be tested with customers. While I have no particular insight into how important "Sage Assistant" could turn out to be, I am sure that five years ago most investors would have doubted Sage had the expertise or even ambition to develop such a tool. Sage is another UK-listed software/data company with a global business (the US is its biggest market and forecast to grow at 16% this year) that is not, or only recently, recognised by global investors.

**Hargreaves Lansdown**

I include HL in this category, because it is best analysed as a technology platform business, an exceptionally profitable one – a 50% RoE for instance – with the leading share in its market (Direct to Consumer platforms) and that itself a market with multi-year growth ahead of it. Perhaps the clearest corroboration of this perspective on the company is the fact that its new CEO, appointed in August 2023, is the former Chief Technology Officer of Elsevier (RELX's scientific publishing division). Dan Olley has been appointed to accelerate growth at HL and it is clear the board believes one way to do this will be to take advantage of the data HL generates, by dint of having more customers and more customer interactions than any of its peers. We wish the new CEO well, because, I must admit, HL has been the biggest detractor from the Company's performance over the last three years. Cautious investors believe competition will dent HL's profitability and reduce its market share. With profits and client numbers at record highs in 2023 the pessimists' case is not yet proven.

**Rightmove**

This is the Company's newest recent holding, started in September 2023. It is still a small commitment, well below 1%, but one we expect to grow. It is another FTSE 100 company, as are all the others in this section of the Company's portfolio, with an opportunity to take advantage of its proprietary data and create more value for its customers.

## STRATEGIC REPORT

### PORTFOLIO MANAGER'S REVIEW – CONTINUED

## LUXURY & PREMIUM CONSUMER BRANDS

This is another area of the Company's portfolio that I have deliberately expanded in recent years, by directing cash flows to existing holdings and, in one case, adding a new name, albeit back in 2020. We expect investing in the shares of the owners of unique, premium brands will deliver proxy participation in the wealth being created by technology innovation.

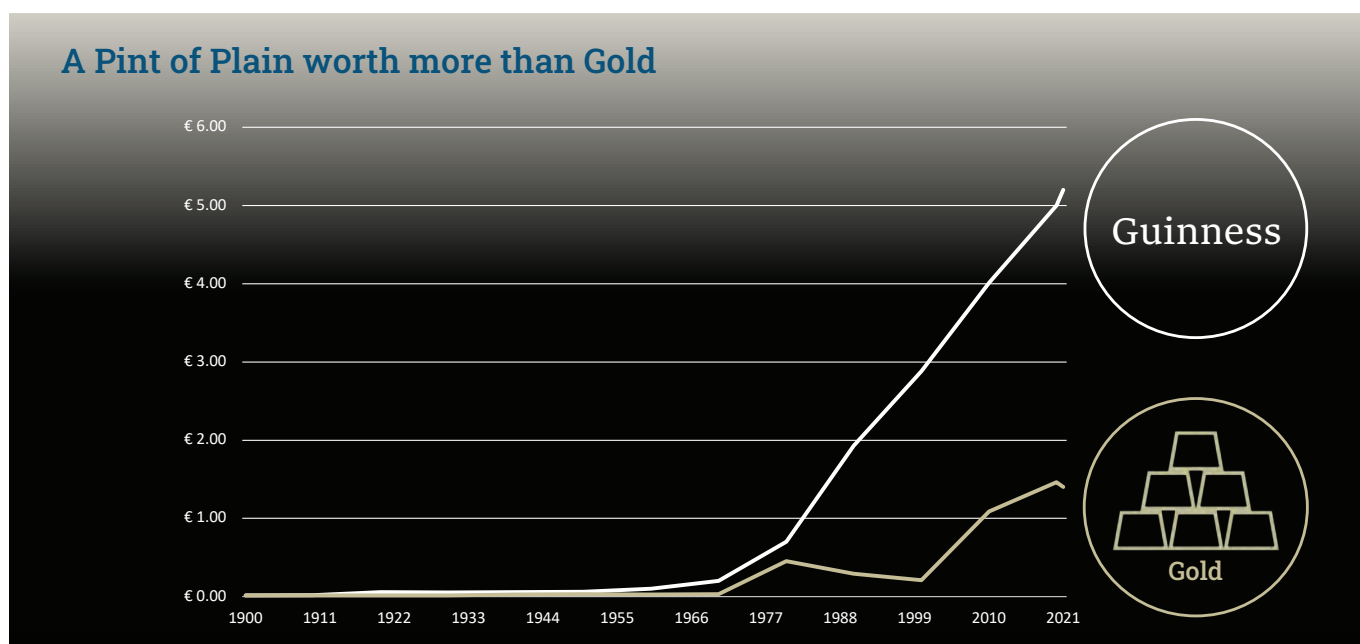
### Diageo

The Company's third biggest holding, Diageo, is the 6th largest company in the FTSE 100 and the #1 alcoholic beverage business in the world. A clear majority of its revenues derive from its premium brands. Back in 2019/2020 Diageo CEO Sir Ivan Menezes, very sadly no longer with us, told us he had set a stretch goal for the company, of taking its share of the global total beverage alcohol ("TBA") market from 4% in 2020 to 6% in 2030. That would be a 50% increase in share in a growing industry and struck us as a worthwhile, if ambitious, target. Particularly if it could be achieved without impairing Diageo's existing high rates of return (RoE 48%). We were impressed, therefore, to hear recently from his successor, Debra Crew, that by the close of its fiscal year 2022/2023, as announced in its annual results in August, its share of global TBA had increased from 4% to 4.7%; well on the way to achieving the 2030 objective.

The fascinating graph below, showing the price of a pint of Guinness (one of Diageo's biggest brands) compared with the gold price is an important reminder of how a great brand can protect its owners against the malign effects of inflation over time.

I still think that the answer to the hypothetical question – What is the one share you would own if you had to invest all your savings into it and couldn't sell for 20 years? – is Diageo. And it gives me a warm feeling to see that Berkshire Hathaway, Warren Buffett's company of course, has become a top ten shareholder in Diageo.

Frustratingly, Diageo has had a weak share price in 2023, as it negotiates a slowdown in the consumption of premium spirits in the Americas. But this means the shares now trade on a valuation of under 20 times earnings, or an earnings yield of over 5%. On these terms, we have been adding to the holding whenever we can.



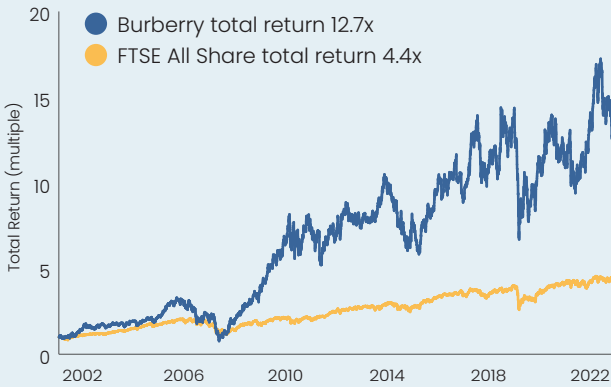
Source: Gillen Markets, January 2023. The chart plots the price of Guinness against the price of gold. The price of gold has been rebased to the starting price for Guinness. Prices of a pint from Guinness records generally. Some earlier end-of-decade prices estimated. Historical Guinness prices converted to Euros. Gold prices are shown per gram and sourced from Bloomberg. Past performance is not a guide to future performance.

## Burberry



This is the UK's only substantive luxury brand and a FTSE 100 constituent. When the shares listed, back in 2002, revenues were circa £500m. This year they have hit a record of £3bn, thereby sextupling over 20 years. Over the same period its shares have done even better and are up eight-fold. The company has outlined plans to take revenues to £5bn per annum in the longer term and, if achieved, this would almost certainly drive the share price higher. Currently investors are fretting about elevated interest rates and Burberry's exposure to Asian consumers, but we are happy that its iconic trench coat remains such a successful brand in that dynamic region. Interest rates will stabilise in due course and consumer confidence revive. In addition, as you can see in the accompanying image, Burberry is a luxury brand that has protected its owners against the effects of inflation over the past century.

### Burberry, GBP (£)



Source: Bloomberg  
All data from 7 November 2002 to 30 September 2023. All returns are provided in GBP. This is an illustrative example to demonstrate how a security can generate total return and how the manager looks at the security's long-term track record. This is not intended as a buy or sell recommendation. Past performance is not a guide for future performance.

### Burberry Then ... and Now



Source: Burberry. The first image was published in the early 20th Century. The second image was sourced in October 2023.

## Remy Cointreau & Heineken



Diageo is a nearly perfect alcoholic beverage company, but it does not own a premium cognac, nor a premium light beer brand. We have chosen to rectify those minor blemishes by holding Remy Cointreau and Heineken in the Company's portfolio. As at 31 December 1999 their respective share prices were €20 and €30. As at 30 September 2023, they traded at €115 and €84. That is indicative of the kind of steady returns that can be made by investing long term in beverage brands as durable and aspirational as Remy Martin and Heineken, as we have.

## Fever-Tree



We started this holding in 2020, in hindsight prematurely. A difficult period for Fever-Tree's profitability has hit its shares but through it we have been able to build a substantial stake in the company. The investment proposition remains unchanged. Fever-Tree has effectively created a new consumer category – premium mixers. It dominates its domestic market; indeed, its share of the entire UK mixer category hit an all-time high over the last six months, 45%. But the crux of the case is whether that domestic success can be exported. Can Fever-Tree become a global brand? If it can, then, in our opinion, the current market capitalisation of the company is far too low. We were encouraged, therefore, by its recent half year results, which showed Fever-Tree's US revenues grew 32% and, in the process, the US became its biggest market. There ought to be much more to go for in the US and the rest of the world.

## Manchester United



I must admit I did not expect to be commenting on this holding in December 2023, the asset having been put up for sale over 12 months ago. However, as I am sure you are aware, the process has been protracted and the resolution still unclear. All one can say for sure is that Manchester United is confirmed to be one of the most prestigious "trophy assets" in the world, as evidenced by the interest in it of a pair of seriously wealthy individuals.



## STRATEGIC REPORT

### PORTFOLIO MANAGER'S REVIEW – CONTINUED

#### MASS-MARKET CONSUMER BRANDS

We have three long-term holdings in this category. They have been successful over time, and we expect to retain our holdings and perhaps to add to them. Although their brands may not have the allure or exclusivity of, a Burberry or, say, Johnnie Walker Blue, they are often beloved by their consumers, or at least purchased regularly because of their value for money and reliability. The combination of the affection consumers feel for the brands and their regular replenishment makes them valuable for investors. It is wise, or we think so, to have a part of your portfolio invested in companies that produce predictable cash flows, as do these three holdings.

##### Unilever



It is noteworthy that Unilever has a new Chair, CEO and CFO. And perhaps investors should welcome a fresh set of perspectives on the business. It is not contentious to claim Unilever owns a collection of beloved and/or ubiquitous household brands – Dove, Hellmann's, Knorr, Magnum, Dirt is Good. But like many investors and, we are sure, officers of the company, we are disappointed that recent business growth has turned out to be so pedestrian. Earnings for 2023 are forecast to be little more than 10% higher than those from five years ago. We know the new CEO sees opportunities to reignite growth across the brand portfolio and we hope he can capitalise on them. People have been writing off Unilever as "too boring" for as long as I can remember. But it should not be overlooked that this "boring" business has delivered a near quadrupling of its share price since the start of this century.

##### Mondelez



Chocolate, snacks and confectionery have been great consumer categories for decades and with, for instance, Cadbury, Oreos and Halls, Mondelez owns some great brands within those categories. And these brands have driven steady earnings growth – forecast to be up over 35% over the last five years. Mondelez shares are up 2.4 times since it demerged from Kraft in October 2012. Look again in another 11 years, we'd expect them to be usefully higher still.

##### A.G. Barr



In 2004 Mr Roger White was appointed CEO of A.G. Barr, the Irn-Bru company. That year the company had annual revenues of £125m and earnings of £0.09 a share. He has recently announced he will step down some time over the next 12 months. For 2023, A.G. Barr is forecast to generate revenues of circa £585m and to earn £0.32. The company has net cash on its balance sheet of nearly £50m – indicative of the canny conservatism with which it has been run. No one should expect to get rich quick owning a business like A.G. Barr, but since Roger's appointment the share price is up from just over £1.00 to just under £5.00 today. Shareholders are grateful for his stewardship and look forward to the next phase of the company's history.

#### UK FUND MANAGEMENT

##### Schroders & Rathbones

##### Schroders RATHBONES

It has been my contention that UK fund management companies, particularly those engaged in the provision of private wealth investment services, operate in a growth industry, where scale and trusted brands confer lasting advantages. In addition, if one is bullish about global stock markets, as I always am, you might think fund management companies would do well. I must acknowledge that the share prices of the two longstanding holdings we have built to capture this idea – Rathbones and Schroders – say that I am wrong. Rathbones shares peaked as long ago as 2017, at around £28.00, and were priced at little more than £17.00 as at 30 September 2023. Schroders' shares hit a high of circa £6.40 in 2021 but have subsided to circa £4.00 today. We support the strategies of both companies and congratulate Rathbones for successfully closing its biggest ever merger in September 2023. It may well require an improvement in UK investor confidence and an earnestly to be hoped for bull market in UK equities before these businesses and share prices perform again.

## BORROWINGS, OVERSEAS EXPOSURE AND SKIN IN THE GAME

The Company has relatively modest amounts of borrowing – circa £37m, to give a net gearing of 0.8% on its net assets. We would borrow more if we saw a specific opportunity that merited the risk of taking on more debt. Debt is always risky.

But that reluctance to run higher levels of gearing should not be construed as caution on my part about the portfolio or the UK stock market. We are more than fully invested and believe the highly concentrated structure of the portfolio offers plenty of upside, assuming the companies we have chosen to commit to prosper over time. As I have argued above – we own some big positions in some outstanding companies, by global, not just domestic UK, standards.

The Company has the power to invest a proportion of its assets outside its benchmark index, the UK FTSE All-Share Index and we have taken advantage of that flexibility. I should signal, though, that the long underperformance of the UK stock market has resulted in what seems to us anomalously low valuations for some of the world class companies that are still listed on the London market. Diageo is the world #1 alcoholic beverage business, Experian is the world's #1 credit bureau, LSEG is the world #1 provider of real-time financial data. Our most recent new holdings are from the UK and our team is working on other apparently highly attractive ideas in the UK market. In short, I think it likely that the Company's UK exposure will go up over the next financial year.

It is a privilege for me to be responsible for the Company's investment portfolio, comprised of the precious savings of so many investors. As co-founder of what has been a successful fund management company, I am also in the privileged and lucky position of being able to afford to continue to add to my own holding in the Company, as is evidenced in this Annual Report and Financial Statements. For this reason, the Company's disappointing share price performance frustrates me both professionally and personally. Skin in the game is no guarantee of superior investment performance, as the Company's recent record displays. But I assure fellow shareholders, what happens next for the Company's share price really matters to me and my family.

### Nick Train

Director, Lindsell Train Limited  
Portfolio Manager

6 December 2023

# Business Review

The Strategic Report, set out on pages 1 to 39 provides a review of the Company's policies and business model, together with an analysis of its performance during the financial year and its future developments.

The Strategic Report has been prepared for Shareholders to assess how the Directors have performed their duty to promote the success of the Company. It also considers the principal risks and uncertainties facing the Company.

Information on how the Directors have discharged their duty under Section 172 of the Companies Act 2006 can be found on pages 29 to 32.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the date of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

As an externally managed investment company there are no executive directors, employees or internal operations. The Company delegates its day-to-day management to third parties. The principal service providers to the Company are Frostrow Capital LLP ("Frostrow") which acts as AIFM, company secretary and administrator; and Lindsell Train Limited ("Lindsell Train") which acts as Portfolio Manager. The Bank of New York Mellon (International) Limited is the Company's Depository.

The Board is responsible for all aspects of the Company's affairs, including the setting of parameters for and the monitoring of the investment strategy as well as the review of investment performance and policy. It also has responsibility for all strategic issues, the dividend policy, the share issuance and buy-back policy, gearing, share price and discount/premium monitoring as well as corporate governance matters.

## STRATEGY FOR THE YEAR ENDED 30 SEPTEMBER 2023

Throughout the year under review, the Company continued to operate as an approved investment company, following its investment objective to achieve capital and income growth and to provide shareholders with a total return in excess of that of the FTSE All-Share Index. The Company's performance is discussed in the Chairman's Statement beginning on page 6 and the Portfolio Manager's Review beginning on page 10.

During the year, the Board, AIFM and the Portfolio Manager undertook all ESG, strategic and administrative activities.

The Board is aware of the continued emphasis on ESG matters in recent years. The Portfolio Manager engages with all the companies in the portfolio to understand their ESG approach and has developed its own methodology to assess the carbon impact of the portfolio. Lindsell Train became a signatory of the Net Zero Asset Managers initiative ("NZAM") in December 2021. This reflects Lindsell Train's enhanced efforts as a firm to support the goal of net zero greenhouse gas emissions by 2050. Further details of the Portfolio Manager's approach to ESG matters can be found on pages 33 to 36.



## Portfolio structure

# 84.2%

INVESTED IN UK  
DOMICILED COMPANIES

# 15.8%

INVESTED GLOBALLY

# 91.9%

FTSE 100 COMPANIES (AND  
COMPARABLE OVERSEAS  
COMPANIES)

# 84.7%

TOP TEN HOLDINGS

# 0.8%^

GEARING

# 85.3%^

ACTIVE SHARE

^ Please see Glossary of Terms and Alternative Performance Measures on pages 93 to 97.

### INVESTMENT POLICY

The Company's investment policy is to invest principally in the securities of companies either listed in the UK or otherwise incorporated, domiciled or having significant business operations within the UK. Up to a maximum of 20% of the Company's portfolio, at the time of acquisition, can be invested in companies not meeting these criteria.

The portfolio will normally comprise up to 30 investments. This level of concentration is likely to lead to an investment return which is materially different from the Company's benchmark index and is likely to be more volatile and carry more risk.

Unless driven by market movements, securities in FTSE 100 companies and comparable companies listed on an overseas stock exchange will normally represent between 50% and 100% of the portfolio; securities in FTSE 350 companies and comparable companies listed on overseas stock exchanges will normally represent at least 70% of the portfolio.

The Company will not invest more than 15% of the Company's net assets, at the time of acquisition, in the securities of any single issuer. For the purposes of this limit only, net assets shall exclude the value of the Company's investment in Frostrow Capital LLP.

The Company does not and will not invest more than 15%, in aggregate, of the value of the gross assets of the Company in other listed closed ended investment companies. Further, the Company does not and will not invest more than 10%,

in aggregate, of the value of its gross assets in other listed closed ended investment companies except where the investment companies themselves have stated investment policies to invest no more than 15% of their gross assets in other listed closed ended investment companies.

The Company has the ability to invest up to 25% of its gross assets in preference shares, bonds and other debt instruments, although no more than 10% of any one issue may be held.

In addition, a maximum of 10% of the Company's gross assets can be held in cash, where the Portfolio Manager believes market or economic conditions make equity investment unattractive or while seeking appropriate investment opportunities or to maintain liquidity.

The Company's gearing policy is that gearing will not exceed 25% of the Company's net assets.

No investment will be made in any fund or investment company managed by Lindsell Train Limited without the prior approval of the Board.

In accordance with the Listing Rules of the Financial Conduct Authority ("FCA"), the Company can only make a material change to its investment policies with the approval of its Shareholders.

## STRATEGIC REPORT

### BUSINESS REVIEW – CONTINUED

#### DIVIDEND POLICY

The Company's aim is to increase or at least maintain the total dividend each year. A first interim dividend is typically paid in May and a second interim in November in lieu of a final dividend.

The level of dividend growth is dependent upon the growth and performance of the companies within the investment portfolio. The decision as to the level of dividend paid takes into account the income forecasts maintained by the Company's AIFM and Portfolio Manager as well as the level of revenue reserves. These forecasts consider dividends earned from the portfolio together with predicted future earnings and are regularly reviewed by the Board.

All dividends have been distributed from current year income and revenue reserves.

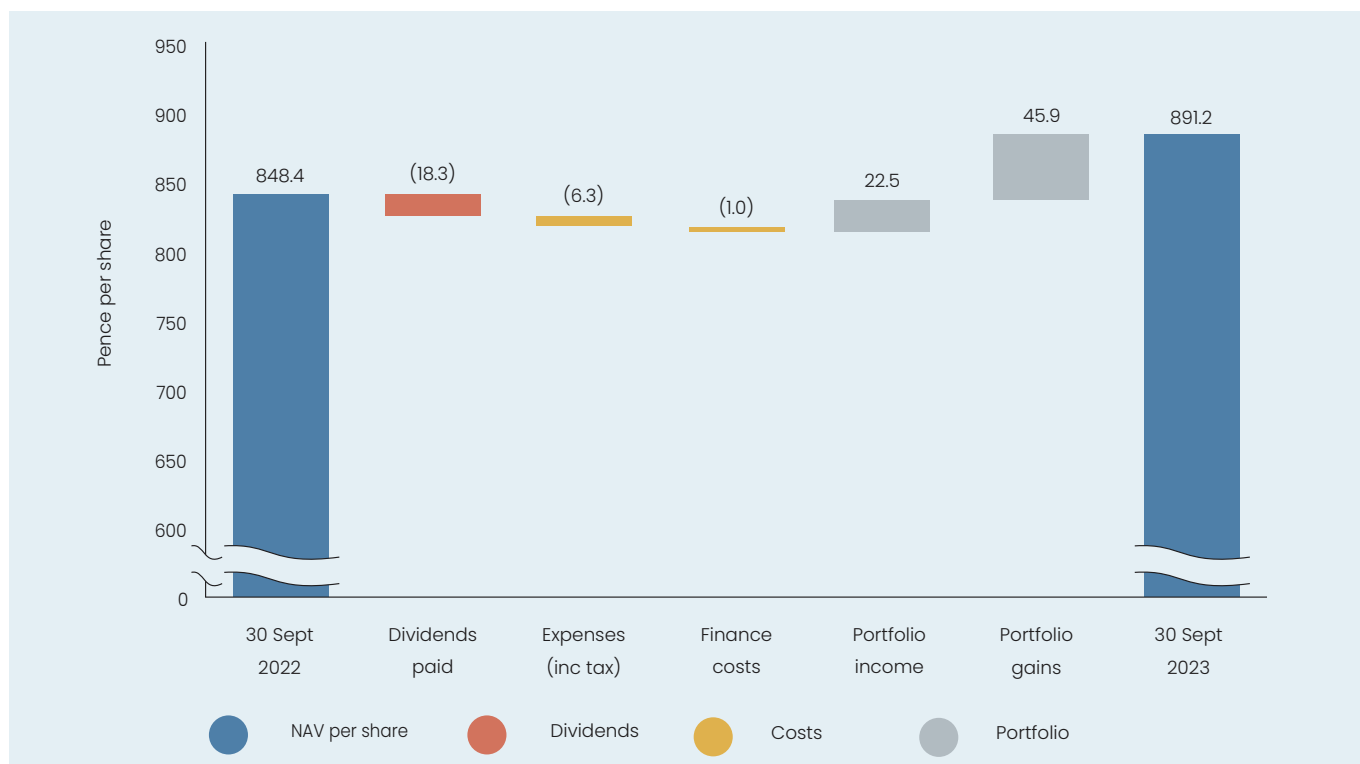
#### PERFORMANCE

Whilst the Board is disappointed that the Company has underperformed in the short term, the Portfolio Manager's report explains why he believes that the Company's portfolio remains appropriate. The Board fully supports the Portfolio Manager's view. Please refer to the Chairman's Statement on page 6 for further information.

Whilst performance is measured against the FTSE All-Share Index, the Company's portfolio is constructed and managed without reference to a stock market index with the Portfolio Manager selecting investments based on their assessment of their long-term value.

#### NAV PER SHARE RECONCILIATION

The chart below shows the contribution (in pence per share) attributable to the various components of investment performance and costs, which together demonstrate the increase from the starting NAV for the year of 848.4 pence to the year-end NAV of 891.2 pence, after the payment of dividends to Shareholders.



#### PROSPECTS

The Board continues to fully support the Portfolio Manager's strategy of investing in high quality companies that own both durable and cash generative brands. The Board firmly believes that this strategy will continue to deliver strong investment returns over the long term.

This is supported by the Company's performance over the last ten years with a net asset value per share total return<sup>^</sup> of 130.0% compared with a total return from the Company's benchmark index of 71.8%.

<sup>^</sup> Alternative Performance Measure (see glossary on pages 93 to 97)







# Principal Risks, Emerging Risks and Risk Management

The Board is responsible for managing the risks faced by the Company. Through delegation to the Audit Committee, the Board has established procedures to manage risk, to review the Company's internal control framework and to establish the level and nature of the principal risks the Company is prepared to accept in order to achieve its long-term strategic objective. At least once a year the Audit Committee carries out a robust detailed assessment of the principal and emerging risks.

A risk management process has been established to identify and assess risks, their likelihood and the possible severity of impact. Further information is provided in the Audit Committee Report beginning on page 61.

These principal risks and the ways they are managed or mitigated are set out on the following pages.

For each risk identified, during the year the Audit Committee considers both the likelihood and impact of the risk and then assigns an inherent risk score. The scoring of the risk is then reconsidered once the respective key mitigations are applied and a residual risk score is assigned.

The Board's policy on risk management has not materially changed during the course of the reporting period and up to the year end.




During the year, the Audit Committee conducted an exercise to identify and assess any new or emerging risks affecting the Company and to take any necessary actions to mitigate their impact. Further information can be found in the report of the Audit Committee on page 62.

## THE COMPANY'S APPROACH TO RISK MANAGEMENT

Change in inherent risk assessment over the last financial year: → No change, ↓ Decreased, ↑ Increased, \* New risk included during the year

Change	Principal Risks and Uncertainties	Key Mitigations
<b>Corporate Strategy</b>		
→	The Company's investment objective becomes unattractive to Shareholders.	At each meeting the Board reviews movements in the Company's shareholder register. There are regular interactions and engagement with Shareholders (including at the AGM). Regular feedback from Shareholders is received from the Company's broker. Frostrow meets regularly with major Shareholders on the Company's behalf.  In addition, the Chairman and the Senior Independent Director meet with key Shareholders to ascertain views.  The Company publishes its Active Share score in its monthly fact sheet for investors and in both the annual and half-yearly reports to highlight how different the portfolio is from the Company's benchmark index.
→	The Company's share price total return may differ materially from the NAV per share total return.	The Board operates a share buy-back policy which is intended to offer some protection against the share price widening beyond a 5% discount to NAV per share. There is also a share issuance programme which acts as a premium control mechanism. Further details of the Company's share buy-back policy and premium control mechanism can be found on the Company's website.
<b>Investment Strategy and Activity</b>		
→	The departure of a key individual at the Portfolio Manager may affect the Company's performance.	The Board keeps the portfolio management arrangements under continual review. In turn, the Portfolio Manager reports on developments at Lindsell Train, including succession and business continuity plans. The Board meets regularly with other members of the wider team employed by the Portfolio Manager.






Change	Principal Risks and Uncertainties	Key Mitigations
	Prolonged underperformance against the Benchmark.	<p>The Board discusses with the Portfolio Manager the structure of the portfolio, including asset allocation and portfolio concentration.</p> <p>The Board reviews the performance of the portfolio against the benchmark and the Company's peer group at every meeting.</p> <p>The Company publishes various measures and statistics in the monthly fact sheet and in both the annual and half-yearly reports, to highlight to investors the effects of the investment approach and to show how different the portfolio is from the Company's benchmark index. These measures include number of holdings, Active Share and portfolio turnover.</p>
	<p>A major geopolitical or natural event such as war, terrorism, natural disaster or pandemic, and the financial, monetary and/or political responses to such events may have an adverse impact on the revenues and operations of portfolio companies to the extent that they may no longer promise returns sufficient to meet the Company's investment objective.</p> <p>Portfolio companies experience a reduction in share price and dividends.</p>	<p>The Board reviews the performance of the portfolio against the benchmark and the Company's peer group at every meeting.</p> <p>The Board holds monthly portfolio update meetings with the Portfolio Manager.</p> <p>The Portfolio Manager regularly engages with the portfolio companies to discuss any matters of concern that may effect operational activities.</p>
	The investment approach is not aligned with shareholder expectations in relation to ESG matters.	<p>The Board conducts an annual review of the Portfolio Manager's ESG policy to ensure that it is consistent with that expected by the Board. In addition the Board reviews the ESG activities of Lindsell Train to ensure progress is being made by portfolio companies. The Board also conducts an annual review of other service providers' policies in relation to internal controls and governance matters notably modern slavery, GDPR, cyber security and whistleblowing policies.</p> <p>The Portfolio Manager has developed a propriety system to assess the inherent and emerging ESG risks for the investment portfolio which the Portfolio Manager uses when engaging with the portfolio companies. This informs the decision to invest, retain or divest any portfolio investment.</p>

## STRATEGIC REPORT

### BUSINESS REVIEW – CONTINUED

## THE COMPANY'S APPROACH TO RISK MANAGEMENT – CONTINUED

Change	Principal Risks and Uncertainties	Key Mitigations
	<p>The adverse impact of climate change on the portfolio companies' operational performance.</p>	<p>The Board receives quarterly ESG updates, which include an update on any climate change related engagement, from the Portfolio Manager together with monthly portfolio updates. The Board challenges the Portfolio Manager on ESG matters to ensure that the portfolio companies are acting in accordance with the Board's ESG approach.</p> <p>The Portfolio Manager is a signatory to the UK Stewardship Code and actively engages with portfolio companies on ESG matters including climate change.</p> <p>Lindsell Train developed its own methodology to assess the carbon impact of the portfolio. Lindsell Train became a signatory of the NZAM initiative in December 2021. This reflects Lindsell Train's enhanced efforts as a firm to support the goal of net zero greenhouse gas emissions by 2050.</p> <p>Details of the Company's and Portfolio Manager's ESG policies together with the weighted average carbon intensity of the portfolio companies are set out on pages 33 to 36.</p>
<b>Operational</b>		
	<p>Service providers to the Company deliver poor performance or fail to meet their contractual obligations to the Company, include errors or irregularities in information published on behalf of the Company.</p> <p>(This risk is included as a result of the consolidation of several operational risks as part of the Audit Committee's review of principal risks to better reflect the current outlook. Please refer to page 62 for further detail.)</p>	<p>The Board reviews all information supplied to Shareholders and the AIFM's marketing activity at each meeting. The AIFM's daily controls ensure accurate publication of information.</p> <p>The Board receives regular updates from the AIFM of press references to the Company and its major service providers, the Board receives regular news on sector developments from the Company's broker and from the AIC. The Board has the ability to replace any service provider which may be the source of reputational concerns.</p> <p>The Audit Committee receives assurance from all service providers that they have adequate business continuity plans and internal controls in place. These controls are reviewed by the AIFM who also meets with the Company's principal service providers during the year.</p>
<b>Financial</b>		
	<p>Fraud (including unauthorised payments and cyber crime) occurs leading to a loss.</p>	<p>The AIFM and Portfolio Manager have in place robust compliance monitoring programmes.</p> <p>The Board receives monthly compliance reviews and a quarterly expenses analysis.</p> <p>An annual statement is obtained by the Audit Committee from all service providers giving representations that there have been no instances of fraud or bribery.</p>

Change	Principal Risks and Uncertainties	Key Mitigations
→	The Company is exposed to market price risk (i.e. performance of investee companies' shares).	<p>The Directors acknowledge that market risk is inherent in the investment process. The Portfolio Manager maintains a diversified portfolio which is concentrated in a few key sectors. The Board has imposed guidelines within its investment policy to limit exposure to individual holdings and limits the level of gearing.</p> <p>The AIFM reports to the Board with respect to compliance with investment guidelines on a monthly basis. The Portfolio Manager provides the Board with regular updates on market movements. No investment is made in derivative instruments and no currency hedging is undertaken.</p> <p>Further information on financial instruments and risk can be found in note 17 to the Financial Statements beginning on page 87.</p>
<b>Accounting, Legal and Regulatory</b>		
→	The Company and/or the Directors fail(s) to comply with their legal requirements in relation to FCA dealing rules/handbook procedures, the AIFMD, the Listing Rules, the Companies Act 2006, relevant accounting standards, the Bribery Act 2010, the Criminal Finances Act 2017, GDPR, tax regulations or any other applicable regulations.	<p>The Board monitors regulatory change with the assistance of its AIFM, Portfolio Manager and external professional advisers to ensure compliance with applicable laws and regulations.</p> <p>The Board reviews compliance reports and internal control reports provided by its service providers, as well as the Company's Financial Statements and revenue forecasts.</p> <p>The Depositary reports twice yearly to the Audit Committee, confirming that the Company, acting through the AIFM, has been managed in accordance with the AIFMD, the FUND sourcebook, the Articles (in relation to the calculation of the NAV per share) and with investment restrictions and leverage limits. The Depositary Report can be found in the Shareholder information section of the Company's website.</p> <p>The AIFM presents a quarterly report on changes in the regulatory environment, including AIC updates, and how changes have been addressed.</p>
→	The regulatory environment in which the Company operates changes materially, affecting the Company's modus operandi.	<p>The Board monitors regulatory change with the assistance of the Company's AIFM, Portfolio Manager and external professional advisers to ensure that the Board is aware of any likely changes in the regulatory environment and will be able to adapt as required.</p> <p>The Directors attend AIC Roundtables and conferences to keep up to date on regulatory changes and receive industry updates from the AIFM.</p>

## STRATEGIC REPORT

### BUSINESS REVIEW – CONTINUED

## THE COMPANY'S APPROACH TO RISK MANAGEMENT – CONTINUED

Change	Principal Risks and Uncertainties	Key Mitigations
	Poor adherence to corporate governance best practice or errors or irregularities in published information could lead to censure and/or result in reputational damage to the Company.	The Board reviews all information supplied to Shareholders and the AIFM's marketing activity at each meeting. Details of the Company's compliance with corporate governance best practice, including information on relationships with Shareholders, are set out in the Corporate Governance Report on pages 47 to 53.

### EMERGING RISKS

During the year, the Audit Committee conducted an exercise to identify and assess any new or emerging risks affecting the Company and to take any necessary actions to mitigate their impact.

The Audit Committee regularly reviews the risk register. Mitigations, the scoring of each risk and any emerging risks are discussed in detail as part of this process to ensure that emerging as well as known risks are identified and, so far as practicable, mitigated.

The experience and knowledge of the Directors is useful in these discussions, as are update papers and advice received from the Board's key service providers such as the Portfolio Manager, the AIFM and the Company's broker. In addition, the Company is a member of the AIC, which provides regular technical updates as well as drawing members' attention to forthcoming industry and/or regulatory issues and advising on compliance obligations.

During the year, the Board identified technological breakthroughs, such as AI as an emerging risk. As well as offering investment opportunities, the development and exploitation of technological breakthroughs, such as AI, may challenge and damage the addressable market, revenue and operations of portfolio companies to the extent that they no longer offer the promise of returns consistent with the Company's Investment Objective.

To mitigate this risk the Board holds monthly portfolio update meetings with the Portfolio Manager, who continues to monitor the situation closely.

The Committee will continue to review newly emerging risks that arise from time to time to ensure that the implications for the Company are properly assessed and mitigating controls introduced where necessary.

### FUTURE DEVELOPMENTS

The Board's primary focus is on the Portfolio Manager's investment approach and performance. The subject is thoroughly discussed at every Board meeting.

In addition, the AIFM updates the Board on Company communications, promotions and investor feedback, as well as wider investment company issues.

An outline of performance, investment activity and strategy, and market background during the year, as well as the outlook, is provided in the Chairman's Statement beginning on page 6 the Portfolio Manager's Review beginning on page 10.

It is expected that the Company's strategy will remain unchanged in the coming year.

### LONG-TERM VIABILITY STATEMENT

The Directors have carefully assessed the Company's financial position and prospects as well as the principal risks facing the Company and have formed a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five financial years. The Board has chosen a five year horizon in view of the long-term outlook adopted by the Portfolio Manager when making investment decisions.

To make this assessment and in reaching this conclusion, the Audit Committee has considered the Company's financial position and its ability to liquidate its portfolio and meet its liabilities as they fall due and notes the following:

- The portfolio is principally comprised of investments traded on major international stock exchanges. Based on current trading volumes, 97.5% of the current portfolio could be liquidated within 30 trading days, with 60.4% in seven days, and there is no expectation that the nature of



the investments held within the portfolio will be materially different in future;

- With an ongoing charges ratio of 0.61%, the expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments foreseen which would alter that position;
- Expenses of the Company are covered more than four times by investment income;
- The closed-ended nature of the Company means that, unlike an open-ended fund, it does not need to realise investments when Shareholders wish to sell their shares;
- The founder directors of Lindsell Train Limited, have given their verbal assurance that they remain committed to Lindsell Train Limited for at least seven years on a rolling basis; and
- The Company has no employees, only its Non-Executive Directors. Consequently it does not have redundancy or other employment-related liabilities or responsibilities.

The Audit Committee has considered the potential impact of its principal risks on pages 22 to 27 and various severe but plausible downside scenarios as well as stress testing and reverse stress testing. It has also made the following assumptions in considering the Company's longer-term viability:

- There will continue to be demand for investment companies;
- The Board and the Portfolio Manager will continue to adopt a long-term view when making investments, and anticipated holding periods will be at least five years;
- The Company invests principally in the securities of UK listed companies to which investors will continue to wish to have exposure;
- The Company will maintain its bank loan facility;
- Regulation will not increase to a level that makes running the Company uneconomical; and
- The performance of the Company will be satisfactory.

The Board's long-term view of viability will, of course, be updated each year in the Company's Annual Report.







## ENGAGING WITH THE COMPANY'S STAKEHOLDERS

The following 'Section 172' disclosure, required by the Companies Act 2006 and the AIC Code, as explained on pages 29 to 32, describes how the Directors have had regard to the views of the Company's stakeholders in their decision-making.

STAKEHOLDER GROUP	THE BENEFITS OF ENGAGEMENT WITH THE COMPANY'S STAKEHOLDERS	HOW THE BOARD, THE AIFM AND THE PORTFOLIO MANAGER HAVE ENGAGED WITH THE COMPANY'S STAKEHOLDERS
<p><b>Investors</b></p>	<p>Clear communication of the Company's strategy and the performance against the Company's objective can help the share price trade closer to its NAV per share which benefits Shareholders.</p> <p>New shares may be issued to meet demand without net asset value per share dilution to existing Shareholders. Increasing the size of the Company can benefit liquidity as well as spread costs.</p> <p>Under the share buy-back policy, the Company will normally buy in shares being offered on the stock market whenever the discount approaches a level of 5% and then either hold those shares in "Treasury" or cancel them. Any shares held in Treasury can later be sold back to the market if conditions permit.</p>	<p>The AIFM and the Portfolio Manager, on behalf of the Board, complete a programme of investor relations throughout the year.</p> <p>An analysis of the Company's shareholder register is provided to the Directors at each Board meeting along with marketing reports from Frostrow. The Board reviews and considers the marketing plans on a regular basis. Reports from the Company's broker are submitted to the Board on investor sentiment and industry issues.</p> <p>Key mechanisms of engagement include:</p> <ul style="list-style-type: none"> <li>• The Annual General Meeting</li> <li>• The Chairman and the Senior Independent Director make themselves available to engage with Shareholders</li> <li>• The Chairman writes to major Shareholders each year offering them the opportunity to meet with himself and the Senior Independent Director.</li> <li>• The Company's website hosts reports, video interviews with the Portfolio Manager and monthly fact sheets</li> <li>• One-on-one investor meetings facilitated by Frostrow who actively engage with professional investors, typically discretionary wealth managers, some institutions and a range of execution-only platforms. Regular engagement helps to attract new investors and retain existing Shareholders, and over time results in a stable share register made up of diverse, long-term holders</li> <li>• The Board will explain in its announcement of the results of the AGM the actions it intends to take to consult Shareholders in order to understand the reasons behind any significant votes against resolutions. Following the consultation, an update will be published no later than six months after the AGM and the Annual Report will detail the impact the Shareholder feedback has had on any decisions the Board has taken and any actions or resolutions proposed</li> </ul> <p>At each meeting the Board reviews movements in the Company's shareholder register. There are regular interactions and engagement with Shareholders (including at the AGM). Regular feedback from Shareholders is received from the Company's broker.</p>

# STRATEGIC REPORT

## BUSINESS REVIEW – CONTINUED

STAKEHOLDER GROUP	THE BENEFITS OF ENGAGEMENT WITH THE COMPANY'S STAKEHOLDERS	HOW THE BOARD, THE AIFM AND THE PORTFOLIO MANAGER HAVE ENGAGED WITH THE COMPANY'S STAKEHOLDERS
<p><b>Portfolio Manager</b></p>	<p>Engagement with the Company's Portfolio Manager is necessary to:</p> <ul style="list-style-type: none"> <li>• evaluate their performance against the Company's stated strategy and to understand any risks or opportunities this may present.</li> <li>• better understand the internal controls in place at Lindsell Train.</li> </ul> <p>The Board ensures that the Portfolio Manager's ESG approach meets standards set by the Board.</p>	<p>The Board met regularly with representatives of the Portfolio Manager throughout the year, with quarterly presentations and also monthly performance and compliance reporting. This provides the opportunity for both the Board and Portfolio Manager to explore and understand how the portfolio has performed and what may be expected in the future.</p> <p>The Board receives regular updates from the Portfolio Manager concerning engagement on ESG matters with the companies within the portfolio.</p> <p>The Audit Committee, also met with members of the risk management and investment compliance teams to better understand the Portfolio Manager's internal controls. The Audit Committee reviews Lindsell Train's AAF01/20 control reports annually. During the year the Board discussed its approach to ESG matters with the Lindsell Train team providing more detail of their specific approach to responsible ownership which is further explained on pages 33 to 36.</p> <p>The Board considers its approach to ESG as well as that of the companies in which the Company invests, and has developed its own policy which can be found on page 33. The Board encourages the Company's Portfolio Manager to engage with companies and in doing so expects ESG issues to be a key consideration.</p> <p>The Board receives an update on Lindsell Train's engagement activities within a dedicated quarterly ESG report.</p> <p>A member of Lindsell Train's investment team attends each Board meeting to provide an update on ESG issues and engagement activities since the last Board meeting.</p>
<p><b>Service Providers</b></p>	<p>The Company contracts with third parties for other services including: depositary, investment accounting &amp; administration as well as company secretarial and registrars. The Company ensures that the third parties to whom the services have been outsourced complete their roles in line with their service level agreements and are able to continue to provide these services, thereby supporting the Company in its success and ensuring compliance with its obligations.</p>	<p>The Board and Frostrow engage regularly with other service providers both in one-to-one meetings and via regular written reporting. This regular interaction provides an environment where topics, issues and business development needs can be dealt with efficiently and collegiately.</p> <p>The Audit Committee reviews Frostrow's controls report annually.</p>



STAKEHOLDER GROUP	THE BENEFITS OF ENGAGEMENT WITH THE COMPANY'S STAKEHOLDERS	HOW THE BOARD, THE AIFM AND THE PORTFOLIO MANAGER HAVE ENGAGED WITH THE COMPANY'S STAKEHOLDERS
<b>The Company's Lender</b>	Investment companies have the ability to borrow with a view to enhancing long-term returns to Shareholders. Engagement with the Company's lender ensures that it fully understands the nature of the Company's business, the strategy adopted by the Portfolio Manager and the extent to which the Company complies with its loan covenants.	Regular reporting to the lender with respect to adherence with loan covenants and ad hoc meetings with the AIFM.

KEY AREAS OF ENGAGEMENT	MAIN DECISIONS AND ACTIONS TAKEN
<p><b>Investors</b></p> <p>The impact of market volatility caused by certain geopolitical events on the portfolio.</p> <p>Ongoing dialogue with Shareholders concerning the strategy of the Company, performance and the portfolio.</p> <p>Share price performance</p>	<p>Shareholders are provided with performance updates via the Company's website as well as the annual and half-year financial reports and monthly factsheets.</p> <p>The Portfolio Manager and Frostrow meet regularly with Shareholders and potential investors to discuss the Company's strategy, performance and portfolio. Both the Portfolio Manager and Frostrow also engage with the Press on the Company's behalf.</p> <p>Information on how to vote your investment company shares on a selection of major platforms can be found on pages 11 to 13 of the Notice of Meeting.</p> <p>The Chairman and Senior Independent Director, accompanied by members of the Frostrow team, met with representatives from major Shareholders to discuss, amongst other things, shareholder engagement, particularly with Shareholders who hold their shares via these platforms.</p> <p>The Board reviews the Company's share price discount/premium on a daily basis and has a share buy-back policy, which during the year resulted in 11,218,558 shares being bought back. Details of the Company's share issuance and buy-back policy can be found on the Company's website.</p>

## STRATEGIC REPORT

### BUSINESS REVIEW – CONTINUED

KEY AREAS OF ENGAGEMENT	MAIN DECISIONS AND ACTIONS TAKEN
<p><b>Portfolio Manager</b></p> <p>Portfolio composition, performance, ESG matters, outlook, and business updates.</p> <p>The impact of market volatility upon their business and how some companies in the portfolio have sought to take advantage of the pandemic, in particular through increased digitalisation.</p> <p>The integration of ESG into the Portfolio Manager's investment processes.</p> <p>Climate Change</p>	<p>The Portfolio Manager has set ESG targets and engages regularly with investee companies' executive management and the Board receives quarterly ESG updates from the Portfolio Manager, enabling the conclusion that the risk of material misstatement due to climate risk remains low.</p> <p>The Board has received regular updates from the Portfolio Manager throughout the recent period of market volatility, including its impact on investment decision making.</p> <p>The Portfolio Manager reports regularly any ESG issues in the portfolio companies to the Board.</p> <p>During the year the Audit Committee considered the Portfolio Manager's assessment of the risks associated with climate change on the portfolio and how the transition to a low-carbon economy will affect all businesses, irrespective of their size, sector or geographic location.</p>
<p><b>Other service providers</b></p> <p>As an externally managed investment company, the Company does not have employees. Its main stakeholders therefore comprise its Shareholders and a small number of service providers.</p> <p>The Board has delegated a wide range of activities to external agents, in addition to the Portfolio Manager.</p> <p>These services include AIFM, investment administration, management and financial accounting, Company Secretarial and certain other administrative requirements and registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.</p> <p>The Directors have frequent engagement with the Company's other service providers through the annual cycle of reporting and due diligence meetings or site visits by Frostrow. This engagement is completed with the aim of maintaining an effective working relationship and oversight of the services provided.</p>	<p>The Board met regularly with Frostrow (the AIFM), representatives of which attend every Board meeting to provide updates on risk management, accounting, administration and corporate governance matters.</p> <p>Reviews of the Company's service providers have been positive and the Directors believe their continued appointment is in the best interests of the Company. The Company has invested in Frostrow and Lindsell Train. Further details can be found on the Company's website.</p> <p>The Audit Committee met with PricewaterhouseCoopers LLP ("PwC") to review the audit plan for the year, agree their remuneration, review the outcome of the annual audit and to assess the quality and effectiveness of the audit process. Please refer to the Audit Committee Report beginning on page 61 for further information.</p>
<p><b>The Company's Lender</b></p> <p>Continued compliance with covenants set out within the loan agreement between the Company and the lender.</p>	<p>The Board ensures compliance with loan covenants throughout the year.</p>

## RESPONSIBLE INVESTMENT

### Our Policy

The Board recognises that the most material way for the Company to have an impact on Environmental, Social and Governance ("ESG") issues is through the responsible ownership of its investments.

It has delegated authority to its Portfolio Manager to engage actively with the management of investee companies and encourage that high standards of ESG practice are adopted.

The Company seeks to generate long-term, sustainable returns on capital. The investee companies which consistently deliver superior returns over the long term are typically established, well-run companies whose managers recognise their impact on the world around them.

In its Responsible Engagement & Investment Policy, the Portfolio Manager states that its evaluation of ESG factors is an inherent part of the investment process.

The Board has delegated authority to the Portfolio Manager to vote the shares owned by the Company that are held on its behalf by its Custodian. The Board has instructed that the Portfolio Manager submit votes for such shares wherever possible and practicable. The Portfolio Manager may refer to the Board on any matters of a contentious nature.

The Portfolio Manager is a signatory of the 2021 UK Stewardship Code and became a signatory of Net Zero Asset Managers initiative in December 2021.

## LINSELL TRAIN'S POLICY

### ESG INTEGRATION

#### Seeking Sustainability

As a long-term investor, Lindsell Train aims to identify companies that can generate long-term sustainable high returns on capital. Lindsell Train has historically found that such companies tend to exhibit characteristics associated with good corporate governance and responsible business practices. Indeed, Lindsell Train believes that companies which observe such standards, and that are serious in their intention of addressing environmental and social factors, will not only become more durable but will likely prove to be superior investments over time.

To that end Lindsell Train's initial analysis and ongoing company engagement strategy seeks to incorporate all sustainability factors that they believe will affect the company's ability to deliver long-term value to shareholders. Such factors may include but are not limited to: environmental (including climate change), social and employee matters (including turnover and culture) and governance factors (including remuneration and capital allocation), cyber resilience, responsible data utilisation, respect for human rights, anti-

corruption and anti-bribery, and any other risks or issues facing the business and its reputation. This work is catalogued in a proprietary database of risk factors in order to centralise and codify the team's views, as well as to prioritise Lindsell Train's ongoing research and engagement work and is cross-referenced with the SASB Materiality Map ©.

If, as a result of this assessment, Lindsell Train believes that an ESG factor is likely to materially impact a company's long-term business prospects (either positively or negatively) then this will be reflected in the long-term growth rate that is applied in the investment team's valuation of that company, which alongside the team's more qualitative research will influence any final portfolio decisions (for example, whether Lindsell Train starts a new position or sells out of an existing holding).

#### Positive/Negative Screening

As a product of Lindsell Train's investment philosophy, it does not invest in the following industries:

- capital intensive industries (energy, commodities or mining) or any companies involved in the extraction and production of coal, oil or natural gas; and
- industries that Lindsell Train judges to be sufficiently detrimental to society that they may be exposed to burdensome regulation or litigation that could impinge on financial returns (e.g. tobacco, gambling or arms manufacturers).

Similarly, Lindsell Train's investment approach has steered Nick Train and the investment team to invest in a number of companies that play an important positive social or environmental role, for example through providing access to educational information (RELX), encouraging saving for the future (Schroders and Hargreaves Lansdown) or encouraging environmental progress and developing best practice (e.g., Diageo and Mondelez). Lindsell Train believes that such positive benefits for society should be consistent with its aim to generate competitive long-term returns, thus helping it meet its clients' investment objectives.

#### Climate Change

The risks associated with climate change represent the great issue of our era and the transition to a low-carbon economy will affect all businesses, irrespective of their size, sector or geographic location. Therefore, no company's revenues are immune and the assessment of such risks must be considered within any effective investment approach, particularly one like Lindsell Train's that seeks to protect its clients' capital for decades to come.

As a relatively small company with a single office location and 26 employees, Lindsell Train's climate exposure comes predominantly from the investment portfolios that it manages on behalf of its clients. Lindsell Train recognises the systemic risk posed by climate change and the potential financial impacts associated with a transition to a low-carbon economy.

## STRATEGIC REPORT

### BUSINESS REVIEW – CONTINUED

To help address this, Lindsell Train became a signatory of the Net Zero Asset Managers (“NZAM”) initiative in December 2021, which affirms its commitment to support the goal of net zero greenhouse gas emissions by 2050 or sooner. In line with this ambition, Lindsell Train published a 2030 interim target in Q4 2022 which has since been approved by The Institutional Investors Group on Climate Change (“IIGCC”). Lindsell Train felt it was most appropriate to set a Portfolio Coverage Target, and has duly targeted 55% of its asset-weighted committed<sup>1</sup> assets to be considered aligned<sup>2</sup> by 2030, as set out by the Paris Aligned Investment Initiative (“PAII”) Net Zero Investment Framework. This represents a circa 50% improvement from its baseline of 36% of assets being Aligned as of 2022, consistent with a fair share of the 50% global reduction in CO<sub>2</sub> identified as a requirement in the Intergovernmental Panel on Climate Change (“IPCC”) special report on global warming of 1.5°C.

Lindsell Train also supports the recommendations of the Task Force on Climate-Related Financial Disclosures (“TCFD”) and its efforts to encourage companies to report their climate related disclosures and data in a uniform and consistent way. Further information on Lindsell Train’s TCFD related disclosures can be found in its 2023 TCFD Report, which can be found on Lindsell Train’s website: [www.lindselltrain.com/responsible-investing/governance-strategy/](http://www.lindselltrain.com/responsible-investing/governance-strategy/).

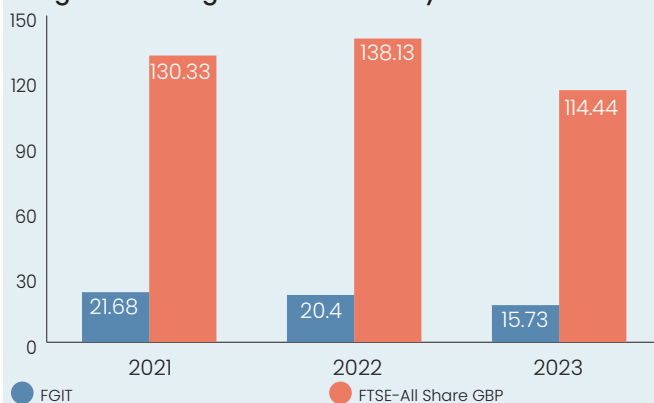
Further, using Morningstar’s carbon metrics calculations, Lindsell Train is pleased to note that the Company continues to have a significantly lower weighted average carbon intensity than its comparable benchmark.

Due to availability of carbon intensity data, the Morningstar UK GBP index has been used as a proxy for the FTSE All-Share index. The Morningstar UK index measures the performance of the UK’s equity markets targeting the top 97% of stocks by market capitalisation.

<sup>1</sup> Committed assets are currently 94% of Lindsell Train’s total AUM. The assets that were excluded relate to segregated clients that either declined to have their assets included at this time or did not respond by the required deadline. There is scope to increase the level of committed assets over time.

<sup>2</sup> Aligned status, as set out by the PAII Net Zero Framework, has prescribed requirements of the portfolio companies, including; 1) Setting short and medium-term emission reduction targets, 2) Monitoring emission intensity performance relative to those targets, and 3) Disclosure of scope 1, 2 and 3 emissions. For higher impact sectors, further criteria are required to be categorised as Aligned.

### Weighted Average Carbon Intensity



Source: Morningstar. The Weighted Average Carbon Intensity for 2023 is as of 31 August 2023. Figures for 2022 and 2021 are year end as of 31 December.

The Morningstar carbon intensity definition is as follows: The asset-weighted average for the portfolio of the underlying holdings’ Carbon Intensity Scope 1 and 2 (in USD terms). The average only includes holdings for which company Carbon Intensity Scope 1 and 2 (in USD terms) is available. Carbon intensity for a company represents the volume of carbon emissions per million dollars of revenue, computed as follows: Total Emissions Scope 1 and 2 (metric tons of CO<sub>2</sub>) / Revenue (Mil USD). For a portfolio, carbon intensity represents the average carbon efficiency of its investments, in metric tons of CO<sub>2</sub>. A lower value indicates lower intensity, and greater carbon efficiency.

## Stewardship

### Engagement

Engaging with and monitoring investee companies on matters relating to stewardship has always been an essential element of Lindsell Train’s investment strategy. Its long-term approach generally leads it to be supportive of company management. However, where Lindsell Train disagrees with a company’s actions, it will try to influence management on specific matters or policies if Lindsell Train believe it is in the best interests of its clients. Constructive dialogue has more often than not resulted in satisfactory outcomes, thus limiting the need for escalation. However, where this is not the case, Lindsell Train will consider escalating its engagement and stewardship activities.

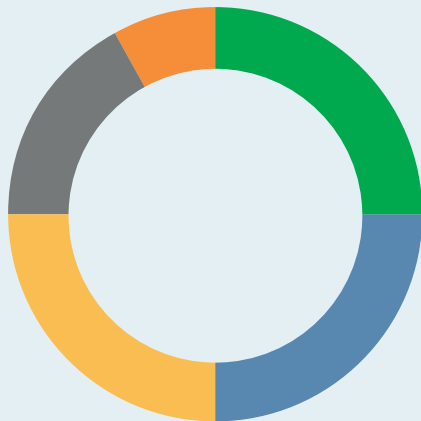
During the year, Lindsell Train engaged with five companies held within the Company’s portfolio on a wide range of environmental, social and governance issues as detailed in the chart on the next page together with case studies of two such engagements. Moreover, to ensure that the 2030 net zero interim target remains achievable, Lindsell Train continues to engage proactively with the management of companies it holds across its portfolios, the aim being to understand each company’s individual goals and, where appropriate, to provide the team’s thoughts on their road maps, with the overall ambition of reaching an absolute reduction in global carbon emissions. Using the data gathered to set the 2030 interim target, Lindsell Train has been able to identify which portfolio companies should be prioritised for engagement on their progress. Lindsell Train has engaged with management at a number of companies in recent months and will continue



to engage with all portfolio companies to understand how they align with Lindsell Train's net zero goals. This includes encouraging them to commit to setting targets that are measurable, actionable and based on the latest and most accurate scientific data, as laid out by the Science Based Targets initiative\* ("SBTi") where possible, to ensure that the targets are measurable, actionable and based on the best available information. This initiative has been led by Madeline Wright, Deputy Portfolio Manager and Head of Investment ESG. The information gathered from this exercise is stored, assessed, and monitored within Sentinel, Lindsell Train's proprietary ESG database.

\* Science-based targets provide companies with a clearly-defined path to reduce emissions in line with the Paris Agreement goals.

**Engagement by Topic**



- Government Structure & Policies 25%
- Remuneration 25%
- Capital Allocation & Strategy 25%
- Other Social (e.g. supply chain, health & nutrition) 17%
- Human Rights 8%

Source: Lindsell Train. 1 October 2022 – 30 September 2023. 12 topics raised with 5 companies.

**Key Engagement Case Studies:**

**Company name:** Unilever



**Year Founded:** 1929

**Year FGT first invested:** 2006

**Sector:** Consumer Staples

**Engagement topics:** Capital Allocation/Strategy & Other (Reputation)

**Date of engagements:** February 2023 & August 2023

**Engagement format:** Call

**Reason for Engagement:** Lindsell Train spoke with Nils Andersen (Chairman) and Richard Williams (Investor Relations) early in 2023, following the news that Hein Schumacher was succeeding Alan Jope as CEO. It was explained that Hein had been identified several years ago as a possible candidate. He was appointed following Board interviews where he received unanimous support. His CV showcases his numerical capabilities (he has been a CFO at dairy multinational Royal FrieslandCampina) and his sustainability credentials as well as strong leadership skills and a good knowledge of emerging markets (having run China for Heinz). From a perception and reputational standpoint, it also helps that he is an external hire. Unilever's new strategy will be well supported by Hein, who accomplished a similar strategy at his previous employer. Nils reaffirmed that there are currently no plans to make any significant disposals or acquisitions to any significant parts of the business and there is also unlikely to be any large cost-cutting program under Hein's leadership. The fact that Hein hails from the Netherlands does also not foreshadow any shift in focus.

In a call with CFO Graeme Pitkethly later in the year, the Lindsell Train investment team discussed Unilever's decision to retain its presence in Russia. It sought justification for this decision and, whilst the team recognises that there is no easy choice, Lindsell Train conveyed its expectation that management would keep the situation under active review with the hope of finding the 'least worst' outcome.

**Next steps:** The engagement regarding the hiring of Hein Schumacher was productive and insightful, but as with all of our portfolio companies we will continue to monitor progress closely and engage with management on aspects of their corporate strategy on an ongoing basis. The engagement regarding Unilever's presence in Russia is ongoing.

**Company name:** Mondelez



**Year Founded:** 1923 (Cadbury was founded in 1824)

**Year FGT first invested:** 2001 (Kraft Foods (formerly Cadbury) became Mondelez following a demerger in 2012)

**Sector:** Consumer Staples

**Engagement topic:** Human Rights/Modern Slavery

**Date of engagement:** May 2023

**Engagement format:** Call

**Reason for Engagement:** Lindsell Train spoke with the management of Mondelez ahead of its AGM, which included a contentious shareholder proposal relating to the eradication of child labour from the cocoa supply chain. The team has regularly engaged with Mondelez on this issue and so were eager to hear management's views on the resolution, and also receive an update on the progress the company is making on this specific initiative. Management communicated that whilst it is entirely supportive of the aims and intentions of

## STRATEGIC REPORT

### BUSINESS REVIEW – CONTINUED

the shareholder proposal, the company is already working towards these exact goals and believes that the current strategy continues to be the right one to achieve them. They confirmed that significant progress has been made: 74% of the company's supply chain is now covered by its Cocoa Life programme, up from 28% in 2020. Like Mondelez, Lindsell Train recognises that eradicating child labour from the cocoa supply chain is a systemic issue that requires wide-scale collaboration and so Lindsell Train voted in line with management, as it believes it is unproductive to expect Mondelez to solve this wider issue on its own.

**Next steps:** This engagement is ongoing. While Lindsell Train accepts that Mondelez cannot solve this wider issue on its own, as the number 2 chocolate brand in the world Lindsell Train would like to see the company continuing to set the agenda. Lindsell Train would like the percentage of the company's supply chain covered by the Cocoa Life programme to continue to increase to full coverage, with credible and sustainable ongoing monitoring firmly in place as this is not a 'set and forget' issue.

#### Proxy Voting

The primary voting policy of Lindsell Train is to protect or enhance the economic value of its investments on behalf of its clients. Lindsell Train has appointed Glass Lewis to aid the administration of proxy voting and provide additional support in this area. However, the Manager maintains decision making responsibility based on its detailed knowledge of the investee companies. It is Lindsell Train's policy to exercise all voting rights which have been delegated to Lindsell Train by its clients.

#### Voting record:

	MANAGEMENT PROPOSALS	SHAREHOLDER PROPOSALS	TOTAL PROPOSALS
With Management	387	2	389
Against Management	0	0	0
Abstain	1	1	2
<b>Totals</b>	<b>388</b>	<b>3</b>	<b>391</b>

Source: Glass Lewis. 1 October 2022 – 30 September 2023.

Votes against management and abstentions have typically been in the low single-digit range. The main reason for this is that Lindsell Train's long-term approach to investment generally leads it to be supportive of company management and, where required, Lindsell Train will try to influence management through its engagement activities. Given Lindsell Train often builds up large, long-term stakes in the businesses in which it invests, Lindsell Train finds that management is open to (and very often encourage) engagement with Lindsell Train. Furthermore, it is Lindsell Train's aim to be invested in 'exceptional' companies with strong corporate governance and hence it ought to be rare that Lindsell Train finds itself in a position where it is voting against management.

In the majority of cases where Lindsell Train has voted against management it has been on matters relating to remuneration. Where Lindsell Train does not believe that a company's compensation policy is aligned with the long-term best interests of the shareholders it will write to management to inform them of Lindsell Train's intention to vote against such policies.

## INTEGRITY AND BUSINESS ETHICS

The Company is committed to carrying out business in an honest and fair manner. The Board has adopted a zero-tolerance approach to instances of bribery and corruption. Accordingly, it expressly prohibits any Director or associated persons when acting on behalf of the Company from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad to secure any improper benefit from themselves or for the Company.

The Board applies the same standards to its service providers in their activities for the Company.

A copy of the Company's Anti Bribery and Corruption Policy can be found in the Board and Policies section of the Company's website. The policy is reviewed annually by the Audit Committee.

In response to the implementation of the Criminal Finances Act 2017, the Board adopted a zero-tolerance approach to the criminal facilitation of tax evasion. A copy of the Company's policy on preventing the facilitation of tax evasion can be found in the Board and Policies section of the Company's website. The policy is reviewed annually by the Audit Committee.

In carrying out its activities, the Company aims to conduct itself responsibly, ethically and fairly, including in relation to social and human rights issues. As an investment company with limited internal resource, the Company has little impact on the environment. The Company believes that high standards of ESG make good business sense and have the potential to protect and enhance investment returns. Consequently, the Portfolio Manager's investment criteria ensure that ESG and ethical issues are taken into account and best practice is encouraged. The Board's expectations are that its principal service providers have appropriate governance policies in place.

## COMPANY PROMOTION

The Company has appointed Frostrow to promote the Company's shares to professional investors in the UK and Ireland. As investment company specialists, the Frostrow team provides a continuous, proactive marketing and investor relations service that aims to promote the Company by encouraging demand for the shares.

## MANAGEMENT ARRANGEMENTS

### Alternative Investment Fund Manager (“AIFM”)

Frostrow under the terms of its AIFM agreement with the Company provides, *inter alia*, the following services:

- oversight of the portfolio management function delegated to Lindsell Train;
- promotion of the Company;
- investment portfolio administration and valuation;
- risk management services;
- share price discount and premium management;
- administrative and company secretarial services;
- advice and guidance in respect of corporate governance requirements;
- maintenance of the Company's accounting records;
- maintenance of the Company's website;
- preparation and publication of annual reports, half year reports and monthly fact sheets; and
- ensuring compliance with applicable legal and regulatory requirements.

The AIFM Agreement may be terminated by either party on giving notice of not less than 12 months.

### Portfolio Manager

Lindsell Train, as delegate of the AIFM, is responsible for the management of the Company's portfolio of investments under an agreement between it, the Company and Frostrow (the “Portfolio Management Agreement”).

Under the terms of its Portfolio Management Agreement, Lindsell Train provides, *inter alia*, the following services:

- seeking out and evaluating investment opportunities;
- recommending the manner by which monies should be invested, realised or retained;
- advising on how rights conferred by the investments should be exercised;
- analysing the performance of investments made; and
- advising the Company in relation to trends, market movements and other matters which may affect the investment objective and policy of the Company.

The Portfolio Management Agreement may be terminated by either party on giving notice of not less than 12 months.

### Annual Fees

FEES ON THAT PART OF MARKET CAPITALISATION	AIFM	PORTFOLIO MANAGER
≤ £1 bn	0.15%	0.45%
> Between £1 bn – £2 bn	0.135%	0.405%
£2 bn +	0.12%	0.36%

### Performance Fees

The Company does not pay performance fees.

## AIFM AND PORTFOLIO MANAGER EVALUATION AND RE-APPOINTMENT

The performance of Frostrow as AIFM and Lindsell Train as Portfolio Manager is continuously monitored by the Board with a formal evaluation being undertaken each year. As part of this process the Board monitors the services provided by the AIFM and the Portfolio Manager as well as receiving regular reports and views from them. The Board has also considered the assessment carried out by the AIFM as required by the FCA's new Consumer Duty obligations, that the Company's Shares provide fair value. It also receives comprehensive long-term performance measurement reports to enable it to determine whether or not the performance objective set by the Board has been met.

Following a review at the Board meeting in September 2023, the Board considers that the continuing appointment of Frostrow and Lindsell Train, under the terms described above, is in the best interests of the Company's Shareholders. In coming to this decision, it took into consideration the following additional reasons:

- the quality and depth of experience of the management, company secretarial, administrative and marketing team that the AIFM brought to the management of the Company; and
- the quality and depth of experience that the Portfolio Manager brought to the management of the portfolio, the clarity and rigour of the investment process, consideration of ESG targets, the high degree of engagement with portfolio companies on ESG matters, the level of past long-term performance of the portfolio in absolute terms and also by reference to the benchmark index.

### Depositary

The Bank of New York Mellon (International) Limited (the “Depositary”) acts as the Company's depositary in accordance with the AIFMD on the terms and subject to the conditions of the depositary agreement between the Company, Frostrow and the Depositary (the “Depositary Agreement”). Under the terms of the Depositary Agreement the Company pays the Depositary a fee between 0.007% to 0.008% of net assets.

The Depositary provides the following services:

- responsibility for the safe-keeping of custodial assets of the Company;
- verification and maintenance of a record of all other assets of the Company;
- the collection of income that arises from those assets;
- taking reasonable care to ensure that the Company is managed in accordance with the AIFMD, the FUND Sourcebook and the Company's instrument of incorporation, in relation to the calculation of the net asset value per share and the application of income of the Company; and

## STRATEGIC REPORT

### BUSINESS REVIEW – CONTINUED

- monitoring the Company's compliance with investment restrictions and leverage limits set by the Board and the AIFM.

In accordance with the AIFM Rules the Depositary acts as global custodian and may delegate safekeeping to one or more global sub-custodians. The Depositary has delegated safekeeping of the assets of the Company to The Bank of New York Mellon SA/NV and/or The Bank of New York Mellon (The Global Sub-custodians).

As at the date of this report, the applicable active sub-custodians appointed by the Depositary who might be relevant for the purposes of holding the Company's investments are:

COUNTRY	NAME OF SUB-CUSTODIAN	REGULATOR
The Netherlands	The Bank of New York Mellon SA/NV	Financial Services and Markets Authority, Belgium
United States of America	The Bank of New York Mellon, New York	US Securities and Exchange Commission
France	The Bank of New York Mellon SA/NV	The Autorité des Marchés Financiers
United Kingdom	Depositary and Clearing Centre (DCC) Deutsche Bank AG, London Branch	The Financial Conduct Authority
	The Bank of New York Mellon, New York	US Securities and Exchange Commission

### Custodian

The Global Sub-Custodian's safekeeping fees are charged according to the jurisdiction in which the holdings are based. The majority of the Company's assets attract a custody fee of 0.0033% of their market value. Variable transaction fees are also chargeable.

The Depositary Agreement may be terminated by either party on giving notice of not less than 90 days.

On behalf of the Board

**Simon Hayes**  
Chairman

6 December 2023







# Board of Directors

**The Board of Directors supervises the management of Finsbury Growth & Income Trust PLC and looks after the interests of Shareholders. The re-election of Directors is sought annually at the Annual General Meeting.**

The Directors of the Company are set out below, all of whom were in office during the year and up to the date of signing the Financial Statements.



## SIMON HAYES

Chairman

Simon Hayes has served on the Board since 29 June 2015 and was appointed as Chairman with effect from 17 February 2021. Simon was Chairman of Peel Hunt Limited until July 2022. He joined Peel Hunt in 1993 and was appointed Head of Corporate Finance in 2003, Chief Executive in 2006 and Chairman in 2016.

*Number of shares held:	175,000
*Annual Remuneration:	£41,000
Shared directorships with other Directors:	None



## SANDRA KELLY, ACA

Chair of the Audit Committee and Senior Independent Director

Sandra Kelly has served on the Board since 9 October 2019. A Chartered Accountant, she was formerly Finance Director of the Canal & River Trust. Prior to that she spent eight years as Finance Director at NHBC (National House-Building Council). She is a Trustee of the Land Trust. She previously held senior finance positions in the commercial sector, most notably for BMW GB.

*Number of shares held:	8,096
*Annual Remuneration:	£33,000
Shared directorships with other Directors:	None



## JAMES ASHTON

Non-Executive Director

James Ashton has served on the Board since 14 October 2020. James is Chief Executive of the Quoted Companies Alliance, a membership body which represents the interests of small and mid-sized publicly traded companies with government, regulators and the media. He is the author of several business books and chairs Oscar's Book Prize, the annual search for the UK's best picture book. James was City Editor and Executive Editor of the Evening Standard and Independent titles and before that City Editor of the Sunday Times.

*Number of shares held:	1,047
*Annual Remuneration:	£27,000
Shared directorships with other Directors:	None

All members of the Board are Non-Executive and serve as members of the Audit Committee.

\*Information as at 30 September 2023



### KATE CORNISH-BOWDEN

Non-Executive Director

Kate Cornish-Bowden has served on the Board since 26 October 2017. Kate was formerly a Fund Manager for Morgan Stanley where she was Managing Director and head of the global core equity team. Kate is a Non-Executive Director and chair of the audit committee at CC Japan Income & Growth Trust plc and the Non-Executive Chairman of International Biotechnology Trust plc. She was formerly a Non-Executive Director and Senior Independent Director at Schroder Oriental Income Fund Limited.

*Number of shares held:	9,061
*Annual Remuneration:	£27,000
Shared directorships with other Directors:	None



### PARS PUREWAL, FCA

Non-Executive Director

Pars Purewal has served on the Board since 28 November 2022. Pars has broad investment sector experience gained over a 38-year career at PricewaterhouseCoopers LLP, including 25 years as Partner across the business' Audit and Advisory, People, Sales and UK Asset Management teams. Pars is a Fellow of the Institute of Chartered Accountants in England and Wales, the Chair of Royal London Asset Management Limited and Royal London Asset Management Holdings Limited, a Non-Executive Director on the boards of The Royal London Mutual Insurance Society Limited, The Law Debenture Corporation plc, Temple Holdings Limited and the Chair of Trustees for Beyond Food Foundation. He was formerly on the boards of Brewin Dolphin Holdings PLC and Federated Hermes Limited.

*Number of shares held:	-
*Annual Remuneration:	£27,000
Shared directorships with other Directors:	None



### LORNA TILBIAN

Non-Executive Director

Lorna Tilbian has served on the Board since 26 October 2017. Lorna is a Non-Executive director of Premier Foods plc, ProVen VCT plc and Rightmove plc where she chairs the Remuneration Committee. Lorna is also Chair of Dowgate Capital Ltd and a Director of Dowgate Wealth Ltd. She was formerly an Executive Director of Numis Corporation PLC, a Non-Executive director of Euromoney Institutional Investor PLC, Jupiter UK Growth Investment Trust PLC and M&C Saatchi PLC, a Director of WestLB Panmure Limited and S G Warburg Securities.

*Number of shares held:	11,500
*Annual Remuneration:	£27,000
Shared directorships with other Directors:	None

All members of the Board are Non-Executive and serve as members of the Audit Committee.

\*Information as at 30 September 2023

# Report of the Directors

The Directors present this Annual Report on the affairs of the Company, together with the audited Financial Statements and the Independent Auditors' Report for the year ended 30 September 2023.

In accordance with the requirement for the Directors to prepare a Strategic Report and an enhanced Directors' Remuneration Report for the year ended 30 September 2023, the following information is set out in the Strategic Report:

- a review of the Company including details about its objective, strategy and business model;
- future developments, details of the principal risks and uncertainties associated with the Company's activities (including the Company's financial risk management objectives and policies); and
- information regarding community, social, employee, human rights and environmental issues.

Information about Directors' interests in the Company's ordinary shares is included within the Directors' Remuneration Report on page 57.

The Corporate Governance Statement on page 47 forms part of this Directors' Report.

## BUSINESS AND STATUS OF THE COMPANY

The Company is registered as a public limited company in Scotland (Registered Number SC013958) and is an investment company within the terms of Section 833 of the Companies Act 2006. The Company is limited by shares, which are listed on the premium segment of The Official List of the UK Listing Authority and traded on the Main Market of the London Stock Exchange which is a regulated market as defined in Section 1173 of the Companies Act 2006.

The Company has been accepted as an investment trust under Section 1158 of the Corporation Taxes Act 2010 and Part 2 Chapter 1 of Statutory Instrument 2011/2999. This approval relates to accounting periods commencing on or after 1 February 2012. The Directors are of the opinion that the Company has conducted its affairs so as to be able to retain such approval.

## RESULTS AND DIVIDENDS

The Return on Ordinary Shares after taxation is shown on page 73. Details of the Company's dividend record can be found on page 2.

## LOAN FACILITY

As at 30 September 2023, the Company was in the first year of its three-year secured fixed term revolving credit facility (the "facility") of £60 million with Scotiabank Europe PLC ("Scotiabank") and there is an additional £40 million facility available if required. As at 30 September 2023 a total of £36.7 million was drawn down from this facility (2022: £36.7 million) which equates to gearing of 0.8%.

## DIRECTORS

The current Directors of the Company are listed on pages 40 and 41, all of whom served as Directors of the Company during the year and up to the date of signing the Annual Report.

Pars Purewal has served as a Director since his appointment on 28 November 2022. Mr Purewal was formerly a partner with the Company's auditor, PricewaterhouseCoopers LLP ("PwC"). As Pars left this role more than four years ago he is deemed to be independent under the terms of the AIC's Code of Corporate Governance. Pars' wife holds an executive position at PwC which has in place a robust process to manage any potential conflicts of interest, including the prevention of PwC Partners and their Persons Closely Associated from dealing in securities of any PwC clients. As such, Pars and his wife are prevented from purchasing the Company's shares. The Board considers that this does not affect Pars' independence.

All members of the Board are Non-Executive. None of the Directors has any other connection with the Portfolio Manager or is employed by or is an officer of any of the companies in which the Company holds an investment or any of the Company's service providers, with the exception of Lorna Tilbian who is a Non-Executive director of Rightmove plc.

## Directors' Conflicts of Interest

Directors report on actual or potential conflicts of interest at each Board meeting. Any Director with a conflict would be excluded from any related discussion.

## Directors' & Officers' Liability Insurance Cover

Directors' and officers' liability insurance cover was maintained by the Company during the year. It is intended that this policy will continue for the year ending 30 September 2024 and subsequent years.

## Directors' Indemnity

During the year under review and to the date of this report, indemnities were in force between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out their role as a Director of the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim by the Company or a regulator as they are incurred. Where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006.

A copy of each deed of indemnity is available for inspection at the Company Secretary's offices during normal business hours and will be available at the Annual General Meeting.

## Directors' Fees

Reports on Directors' Remuneration and also the Directors' Remuneration Policy are set out on pages 55 and 56.

## Appointment and Replacement of Directors

Unless otherwise determined by the Company by ordinary resolution, the number of Directors shall not be less than three.

## Directors' (and Other Senior Individuals) Interests

The beneficial interests in the Company of the Directors, of Nick Train, the individual with responsibility for managing the Company's portfolio at Lindsell Train, and of Alastair Smith, Managing Partner at Frostrow, and of the persons closely associated with them, are set out on page 60 of this Annual Report.

As part of the Company's commitment to transparency, in May 2022 the Board took the decision to disclose details of transactions in the Company's shares by Nick Train.

## CAPITAL STRUCTURE

The Company's capital structure is composed solely of Ordinary Shares. Details are given in note 13 to the Financial Statements on page 86.

Details of the voting rights in the Company's shares at the date of this Annual Report are given in note 9 to the Notice of the Annual General Meeting.

Details of the substantial Shareholders in the Company are listed on page 44.

The giving of powers to issue or buy-back the Company's shares requires the relevant resolution to be passed by Shareholders. Proposals for the renewal of the Board's current powers to issue and buy-back shares are detailed within the Notice of the Annual General Meeting.

There are no restrictions concerning the transfer of securities in the Company; no special rights with regards to control attached to securities; no restrictions on voting rights; no agreements between holders of securities regarding their transfer known to the Company; and no agreements the Company is party to that might affect its control following a successful takeover bid.

## Authority To Issue and Purchase Own Shares

It is intended that a special resolution will be proposed to grant the Company authority to purchase its own shares, so as to permit the purchase of up to 29,901,170 of the Company's ordinary shares (or such other number of shares as is equal to 14.99% of the total number of ordinary shares in issue at the date of the passing of the resolution) subject to the constraints set out in the special resolution. The Directors intend to use this authority to purchase shares only if this would result in an increase in

net asset value per share and would be in the best interests of Shareholders generally. Ordinary shares which are purchased under this authority may be held in Treasury or cancelled.

The Company has adopted a buy-back policy whereby the Company will buy-back shares as described above when the share price discount to the net asset value per share approaches 5%. Treasury shares can be sold back to the market at a later date at a premium to the cum income net asset value per share. The Company's share issuance policy allows the issuance of new shares at a small premium to the net asset value per share on a regular basis acting as a premium management tool. A detailed description of this policy can be found on the Company's website. During the year 11,218,558 shares were bought back into Treasury (2022: 9,253,311).

Between 1 October 2023 and 5 December 2023, the Company bought back a further 5,045,317 shares into Treasury.

The benefits to Shareholders of these policies are:

- The volatility of the Company's share price discount is minimised;
- The absolute level of the Company's share price discount is minimised;
- It is accretive to net asset value per share to the benefit of existing Shareholders; and
- The Company's long-term prospects are preserved in that Shareholders with a longer-term investment horizon are attracted to the shareholder register.

The Directors believe that granting the Board authority to purchase shares, as detailed above, is in the best interests of Shareholders as a whole and therefore recommend that Shareholders vote in favour of this resolution.

## Cancellation of Share Premium Account

The Company has built up a substantial share premium account owing to historic high levels of share issuance. This account is non-distributable. The Company may cancel the share premium account and convert the amount so cancelled to a distributable reserve following approval by Shareholders and confirmation of the Scottish Court of Session. Converting the share premium account to a distributable reserve will provide a significant pool of reserves which can be used in the future, if required, to fund share buy-backs or other returns of capital in accordance with applicable law. The cancellation will therefore provide the Company with more flexibility in how capital may be returned in the future.

The Board is accordingly proposing Special Resolution 16 at the forthcoming AGM, which seeks shareholder approval to cancel the amount standing to the credit of the current share premium account, following which it will make an application to the Scottish Court of Session to obtain its approval to the cancellation and the creation of an equivalent distributable reserve.

## GOVERNANCE

### REPORT OF THE DIRECTORS - CONTINUED

#### Voting Rights

Subject to any rights or restrictions attached to any shares, on a show of hands, every member who is present in person has one vote and every proxy present who has been duly appointed has one vote. However, if the proxy has been duly appointed by more than one member entitled to vote on the resolution, and is instructed by one or more of those members to vote for the resolution and by one or more others to vote against it, or is instructed by one or more of those members to vote in one way and is given discretion as to how to vote by one or more others (and wishes to use that discretion to vote in the other way) he or she has one vote for and one vote against the resolution. Every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation. On a poll, every member present in person or by duly appointed proxy or corporate representative has one vote for every share of which they are the holder or in respect of which their appointment as proxy or corporate representative has been made.

A member, proxy or corporate representative entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use the same way. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members. A member is entitled to appoint another person as their proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the Company.

The appointment of a proxy shall be deemed also to confer authority to demand or join in demanding a poll. Delivery of an appointment of a proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it. A proxy need not be a member. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by them.

#### Share Capital

At the Annual General Meeting held on 17 January 2023, authority to allot up to 21,210,521 shares on a non pre-emptive basis at prices not less than the higher of the prevailing cum or ex income net asset value per share at the time of issuance was granted.

Further details of the resolutions concerning issuance authorities can be found in the Notice of Meeting.

No shares were issued by the Company during the year (2022: Nil).

#### SUBSTANTIAL SHARE INTERESTS

As at 30 September 2023, the Company had been notified of the following substantial interests in the Company's voting rights.

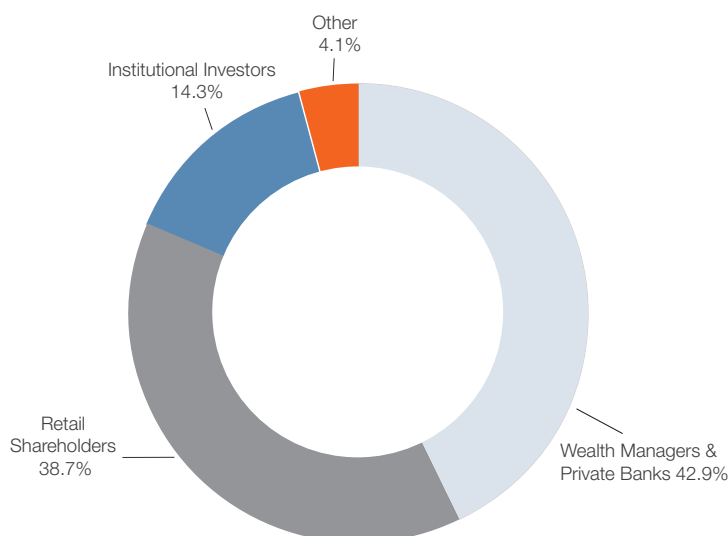
	NUMBER OF SHARES	% OF CAPITAL
Rathbones Investment Management Ltd	18,006,607	8.8

At 30 September 2023 the Company had 204,519,434 shares in issue (excluding 20,471,869 shares held in Treasury).

These disclosures reflect those Shareholders who have notified the Company of a substantial interest in its shares when they have crossed certain thresholds and may not reflect their current holdings.

The table does not reflect the full range of investors in the Company. The shareholder register is principally comprised of private wealth managers and retail investors owning their shares through a variety of online platforms. A profile of the Company's ownership is shown below.

#### PROFILE OF THE COMPANY'S OWNERSHIP % OF SHARES HELD AT 30 SEPTEMBER 2023



Source: EQ IR

#### BENEFICIAL OWNERS OF SHARES – INFORMATION RIGHTS

Beneficial owners of shares, such as those owning their shares through a retail platform, who have been nominated by the registered holder of those shares to receive information rights under Section 146 of the Companies Act 2006 should direct all communications to the registered holder of their shares rather than to the Company's Registrar, Link Group, or to the Company directly.



## AGM

The AGM will be held on Tuesday, 23 January 2024 and full details of the meeting arrangements and the business to be transacted will be sent under separate cover to Shareholders.

Further information concerning the AGM can be found in the Chairman's Statement beginning on page 6.

The full text of the resolutions to be proposed at the AGM and an explanation of each resolution are contained in the separate Notice of Meeting. The Directors recommend that Shareholders cast their proxy votes in favour of all resolutions proposed, as they will in respect of their own holdings.

## INCREASE TO DIRECTORS' FEES CAP

The Board of Directors is proposing to increase the aggregate amount potentially payable to Directors by way of fees for their services as Directors under Article 122 of the Articles of Association from £200,000 to £300,000 in any financial year.

Please refer to the Chairman's Statement for further information.

## OTHER STATUTORY INFORMATION

The following information is disclosed in accordance with the Companies Act 2006:

- The rules on the appointment and replacement of directors are set out in the Company's Articles. Any change to the Articles would be governed by the Companies Act 2006.
- Subject to the provisions of the Companies Act 2006, to the Articles, and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. The powers shall not be limited by any special powers given to the Directors by the Articles and a meeting of the Directors at which a quorum is present may exercise all the powers exercisable by the Directors. The Directors' powers to issue and buy-back shares, in force at the end of the year, are recorded in the Directors' Report.

There are no agreements:

- i. to which the Company is a party that might affect its control following a takeover bid; and/or
- ii. between the Company and its Directors concerning compensation for loss of office.

### Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information, more applicable for traditional trading companies, in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

## Political Donations

The Company does not make political donations.

## Global Greenhouse Gas ("GHG") Emissions for the Year Ended 30 September 2023

The Company is an investment company, with neither employees nor premises, nor has it any financial or operational control of the assets which it owns. Consequently, the Company consumed less than 40,000 kWh of energy during the year in respect of which the Directors' Report is prepared and therefore is exempt from the disclosures required under the Streamlined Energy and Carbon Reporting criteria. It has no GHG emissions to report from its operations nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within the Company's underlying investment portfolio.

## Taskforce for Climate Related Financial Disclosures ("TCFD")

The Company notes the TCFD recommendations on climate related financial disclosures. The Company is an investment company and, as such, it is exempt from the Listing Rules requirement to report against the TCFD framework.

## UK Sanctions

The Board has made due diligence enquiries of the service providers that process the Company's shareholder data to ensure the Company's compliance with the UK sanctions regime. The relevant service providers have confirmed that they check the Company's shareholder data against the UK sanctions list on a daily basis. At the date of this report, no sanctioned individuals had been identified on the Company's shareholder register. The Board notes that stockbrokers and execution-only platforms also carry out their own due diligence.

## Statement of Disclosure of Information to the Auditors

So far as the Directors are aware, there is no relevant information (as defined in the Companies Act 2006) of which the Company's Auditors are unaware. The Directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information (as defined) and to establish that the Auditors are aware of such information.

The above confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

## GOVERNANCE

### REPORT OF THE DIRECTORS - CONTINUED

#### GOING CONCERN

The Company's portfolio, investment activity, the Company's cash balances and revenue forecasts, the trends and factors likely to affect the Company's performance are reviewed and discussed at each Board meeting. The Board has considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, including stress tests and reverse stress tests which modelled the effects of substantial falls in portfolio valuations and liquidity constraints on the Company's NAV, cash flows and expenses.

Based on the information available to the Directors at the date of this report, including the results of these stress tests, the conclusions drawn in the Viability Statement in the Strategic Report beginning on page 26, the Company's cash balances and access to funding, the Directors are satisfied that the Company has adequate financial resources to continue in operation for at least the next 12 months from the date of approval of this report and that, accordingly, it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements.

In reaching these conclusions and those in the Viability Statement, the stress testing conducted also featured consideration of the long-term effects of the continuing uncertainty created by the increase in global inflation and rising interest rates, together with the consequences of the wars in Ukraine and the Middle East as well as subsequent long-term effects on economies and international relations.

Further information is provided in the Audit Committee report beginning on page 61.

By order of the Board

**Frostrow Capital LLP**

Company Secretary

6 December 2023

## GOVERNANCE

# Corporate Governance

## Corporate Governance Statement

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (the "AIC Code"). The AIC Code addresses all the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council ("FRC") (the "UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies.

The Board considers that reporting against the principles and recommendations of the AIC Code will provide the best information to Shareholders and the FRC has confirmed that by following the AIC Code, boards of investment companies will meet their obligations in relation to the UK Corporate Governance Code and associated disclosure requirements under paragraph 9.8.6 of the UK Listing Rules. The Corporate Governance Code can be viewed at [www.frc.org.uk](http://www.frc.org.uk). The AIC Code is available on the AIC website ([www.theaic.co.uk](http://www.theaic.co.uk)). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the Corporate Governance Code to make them relevant for investment companies.

## Statement of compliance

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except in relation to certain provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Code, and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company as it is an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. Therefore, the Company has not reported further in respect of these provisions.

## Company

### Company's Purpose, Values and Strategy

The Board assesses the basis on which the Company generates and preserves value over the long term. The Strategic Report describes how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the Company's business model and how its governance contributes to the delivery of its strategy. The Company's investment objective and investment policy are set out on pages 1 and 19. The Board's key responsibilities are to set the Company's strategy, values and standards; to provide leadership within a controls framework which enables risks to be assessed and managed;

to challenge constructively and scrutinise performance of all outsourced activities; and to review regularly the contracts, performance and remuneration of the Company's principal service providers and, in particular, the Portfolio Manager.

### Board Committees

The Directors have decided that, given the size of the Board, it is unnecessary to form separate Remuneration and Nomination Committees; the duties that would ordinarily fall to those Committees are carried out by the Board as a whole.

### The Audit Committee

The Audit Committee's key responsibilities are to monitor the integrity of the Annual Report and Financial Statements; to oversee the risk and control environment and financial reporting; and to review the performance of the Company's external auditor.

All Independent non-executive Directors are members of the Committee. Although Simon Hayes is Chairman of the Board, in light of his continued independence and his valued contributions in Committee meetings, the Audit Committee considers it appropriate that he continues to be a member.

Copies of the full terms of reference, which clearly define the responsibilities of the Audit Committee, can be obtained from the Company Secretary. They will be available for inspection at the Annual General Meeting or at the offices of the Company Secretary and can be found in the Corporate Information section on the Company's website.

### Board Meetings

Representatives of the Portfolio Manager, AIFM and Company Secretary are expected to be present at all meetings. The primary focus at Board meetings is a review of investment performance and associated matters. The Chairman encourages open debate within the Board and a supportive and co-operative relationship with the Company's AIFM, Portfolio Manager, advisers and other service providers. The table below sets out the number of formal Board and Committee meetings held during the year ended 30 September 2023 and the number of meetings attended by each Director. In addition to the scheduled Board and Committee meetings, Directors attend ad hoc meetings to consider matters such as the approval of regulatory announcements, management accounts and interim dividends.

The Directors receive monthly portfolio update briefings from representatives of the Portfolio Manager and AIFM.

	BOARD	AUDIT COMMITTEE
<b>Total number of meetings</b>	<b>5</b>	<b>4</b>
Simon Hayes	5	4
James Ashton	5	4
Kate Cornish-Bowden	5	4
Sandra Kelly	5	4
Pars Purewal	5	4
Lorna Tilbian	5	4

All of the Directors attended the Annual General Meeting in January 2023, with the exception of Lorna Tilbian due to unexpected travel disruption.

## GOVERNANCE

### CORPORATE GOVERNANCE – CONTINUED

## Board

### Role of The Board

The role of the Board is to promote the long-term sustainable success of the Company, generating value for Shareholders and contributing to wider society.

### Board Leadership and Purpose

Responsibility for effective governance and for the overall management of the Company's affairs lies with the Board. The governance framework of the Company reflects the fact that as an investment company it outsources company secretarial, administration, marketing, portfolio and risk management services to Frostrow. Portfolio management is then delegated to Lindsell Train by Frostrow.

### Culture

The Board seeks to establish and maintain a corporate culture characterised by fairness in its treatment of the Company's service providers, whose efforts are collectively directed towards delivering returns to Shareholders in line with the Company's purpose and objectives. It is the Board's belief that this contributes to the greater success of the Company, as well as being an appropriate way to conduct relations between parties engaged in a common purpose.

### Matters Reserved For Decision By The Board

The Board has adopted a schedule of matters reserved for its decision. This includes, *inter alia*, the following:

- Requirements under the Companies Act 2006, including approval of the half yearly and annual financial statements, recommendation of any dividend, the appointment or removal of the Company Secretary, and determining the policy on share issuance and buy-backs.
- Matters relating to certain Stock Exchange requirements and announcements, the Company's internal controls, and the Company's corporate governance structure, policy and procedures.
- Decisions relating to the strategic objectives and overall management of the Company, including the appointment or removal of the AIFM, Portfolio Manager and other service providers, and review of the Investment Policy.
- Matters relating to the Board and Board committees, including the terms of reference and membership of the committees, the appointment of Directors (including the Chairman) and the determination of Directors' remuneration. Day-to-day operational and portfolio management is delegated to Frostrow and Lindsell Train respectively.

The Board takes responsibility for the content of communications regarding major corporate issues, even if Frostrow or Lindsell Train acts as spokesperson. The Board is kept informed of relevant promotional material that is issued by Frostrow.

### Composition, Succession and Evaluation

The Board seeks to ensure that it is well-balanced and refreshed regularly by the appointment of new directors with the skills and experience necessary, in particular, to replace those lost by directors' retirements. The Board further ensures that it is comprised of members who collectively:

- i. display the necessary balance of professional skills, experience, length of service and industry/Company knowledge; and
- ii. are fit and proper to direct the Company's business with prudence and integrity; and provide policy guidance on the structure, size and composition of the Board (and its Committee) and the identification and selection of suitable candidates for appointment to the Board (and its Committee).

The composition and skills of the Board are reviewed annually and at such other times as circumstances may require.

### Diversity Policy

The Board supports the principle of boardroom diversity and therefore the Company's Diversity Policy applies to both the Board and Audit Committee.

The Company's policy is that the Board should be comprised of directors who collectively display the necessary balance of professional skills, experience, length of service and industry knowledge and that appointments to the Board should be made on merit, against objective criteria, including diversity in its broadest sense. The objective of the policy is to have a broad range of approaches, backgrounds, skills, knowledge and experience represented on the Board. The Board believes that this will make the Board more effective at promoting the long-term sustainable success of the Company and generating value for all Shareholders by ensuring there is a breadth of perspectives among the Directors and the challenge needed to support good decision-making.

To this end achieving a diversity of perspectives and backgrounds on the Board during the year has been, and will continue to be, a key consideration in any Director search process. The gender balance of three men and three women, as at the date of the Annual Report, exceeds the requirements of the Listing Rules. The Board is aware that gender representation objectives have been set for FTSE 350 companies and that targets concerning ethnic diversity have been recommended. The Parker Review set a target for each FTSE 100 Board to have at least one director of colour by 2021 and for each FTSE 250 Board to have the same by 2024.

The Board will not display any bias in respect of age, gender, race, sexual orientation, religion, ethnic or national origins, disability, or educational, professional or socio-economic background in considering the appointment of its Directors.



## Board Diversity

The Board is supportive of the FCA's updated Listing Rules (LR 9.8.6R(9)) to encourage greater diversity on listed company boards and has implemented the FCA's disclosure requirements.

The Board has chosen to align its diversity reporting reference date with the Company's financial year end and proposes to maintain this alignment for future reporting periods.

The Company met the three targets on board diversity as at its chosen reference date, 30 September 2023:

- (i) at least 40% of the individuals on its board of directors are women;
- (ii) at least one of the following senior positions on its board of directors is held by a woman\*:
  - (A) the chair;
  - (B) the chief executive;
  - (C) the senior independent director; or
  - (D) the chief financial officer; and
- (iii) at least one individual on its board of directors is from a minority ethnic background.

The relatively small size of the Company's Board, and therefore more infrequent vacancies and opportunities for recruitment, make achieving diversity on the Board a more challenging process. As succession planning of the Board progresses over future years, the Company will continue to strive for increased diversity on its Board of which gender and ethnicity are two important aspects. Further details on the Company's appointment process can be found under Appointments to the Board on the following page. This includes engaging recruitment agencies that sign up to recognised codes of conduct, which include principles on diversity with the aim of increasing board diversity integrated through their search processes.

As required under LR 9.8.6R(10), further detail in respect of the three targets outlined above as at 30 September 2023 is disclosed in the tables below.

	NUMBER OF BOARD MEMBERS	PERCENTAGE OF THE BOARD	NUMBER OF SENIOR POSITIONS ON THE BOARD (CHAIR AND SID)*
Men	3	50%	1
Women	3	50%	1
Not specified/prefer not to say	–	–	–

	NUMBER OF BOARD MEMBERS	PERCENTAGE OF THE BOARD	NUMBER OF SENIOR POSITIONS ON THE BOARD (CHAIR AND SID)*
White British or other White (including minority-white groups)	5	83%	2
Mixed/Multiple Ethnic Groups	–	–	–
Asian/Asian British	1	17%	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

\* As an externally managed investment company, the Company has no executive directors, employees or internal operations. The Board has therefore excluded the columns relating to executive management from the tables above. In addition, the senior positions on the Company's Board of (B) the chief executive and (D) the chief financial officer are not applicable to the Company. In the absence of the aforementioned roles, the board considers the Chair of the Audit Committee to also be a senior position on the Board. Sandra Kelly currently serves as both Senior Independent Director and Chair of the Audit Committee.

## GOVERNANCE

### CORPORATE GOVERNANCE – CONTINUED

In order to collect the data required to fulfil the disclosures in the tables above and below, the Board agreed that self-reporting by the individuals concerned was the most appropriate method. The data was collected anonymously by the Company Secretary using a web-based survey where the following two questions were posed, and individuals were reminded that 'Not specified / prefer not to say' could be recorded in response:

1. For the purposes of the Listing Rules disclosures, how should you be categorised; and
2. Please advise your ethnicity.

There have been no changes in Board composition that have occurred between the reference date and the date on which the Annual Report was approved.

#### Policy on Director Tenure

The tenure of each non-executive Director, including the Chairman, is not ordinarily expected to exceed nine years.

However, the Board has agreed that the tenure of the Chairman may be extended for an agreed time provided such an extension is conducive to the Board's overall orderly succession. The Board believes that this more flexible approach to the tenure of the Chairman is appropriate in the context of the regulatory rules that apply to investment companies, which ensure that the Chairman remains independent after appointment, while being consistent with the need for regular refreshment and diversity.

#### Appointments to the Board

The rules governing the appointment and replacement of Directors are set out in the Company's Articles of Association and the aforementioned succession planning policy. Where the Board appoints a new Director during the year or after the year end and before the notice of annual general meeting is published, that Director will stand for election by Shareholders at the next Annual General Meeting.

When considering new appointments, the Board endeavours to ensure that it has the capabilities required to be effective and oversee the Company's strategic priorities. This will include an appropriate range, balance and diversity of skills, experience and knowledge. The Company is committed to ensuring that any vacancies arising are filled by the best qualified candidates.

Subject to there being no conflict of interest, all Directors are entitled to vote on candidates for the appointment of new Directors and to recommend to Shareholders the re-election of Directors at the Annual General Meeting. The Chairman will not chair the meeting when the Board is dealing with the appointment of his successor.

As part of the process to appoint Pars Purewal, who was appointed on 28 November 2022, the Board engaged the services of specialist recruitment consultants, Trust Associates

Limited, who prepared a list of potential candidates for consideration by the Board. A short list was then arrived at, the candidates were interviewed, and Pars Purewal was subsequently appointed.

At the time of Pars' recruitment, Trust Associates Limited were engaging with The Department for Business, Energy & Industrial Strategy ("BEIS") in order to become signatories of The Standard Voluntary Code of Conduct for Executive Search Firms and were formally added to the list of signatories on 13 December 2022. The Code of Conduct aims to broaden ethnic diversity and gender balance on boards through executive search firms' commitment throughout their recruitment processes, such as initial planning stages, long/short listing and candidate support.

Trust Associates Limited has no other connection with the Company or the individual directors.

#### Induction/Development

New appointments to the Board are provided with a full induction programme. The programme covers the Company's investment strategy, policies and practices. New Directors are also given key information on the Company's regulatory and statutory requirements as they arise including information on the role of the Board, matters reserved for its decision, the terms of reference for the Board committee, the Company's corporate governance practices and procedures and the latest financial information. Following their appointment, Directors are encouraged to participate in training courses where appropriate.

#### Division of Responsibilities

##### Responsibilities of the Chairman

The Chairman's primary role is to provide leadership to the Board, assuming responsibility for its overall effectiveness in directing the company. The Chairman is responsible for:

- ensuring that the Board is effective in its task of setting and implementing the Company's direction and strategy, taking the chair at general meetings and Board meetings, conducting meetings effectively and ensuring all Directors are involved in discussions and decision-making;
- setting the agenda for Board meetings and ensuring the Directors receive accurate, timely and clear information for decision-making;
- taking a leading role in determining the Board's composition and structure, overseeing the induction of new Directors and the development of the Board as a whole, leading the annual board evaluation process and assessing the contribution of individual Directors;
- supporting and also challenging the AIFM and the Portfolio Manager (and other suppliers where necessary) ensuring effective communications with Shareholders and, where appropriate, other stakeholders; and

- engaging with Shareholders to ensure that the Board has a clear understanding of shareholder views.

### Responsibilities of the Senior Independent Director ("SID")

The SID serves as a sounding board for the Chairman and acts as an intermediary for the other Directors and the Shareholders. The SID is responsible for:

- working closely with the Chairman and providing support;
- leading the annual assessment of the performance of the Chairman;
- holding meetings with the other non-executive Directors without the Chairman being present, on such occasions as necessary;
- carrying out succession planning for the Chairman's role;
- working with the Chairman, other Directors and Shareholders to resolve major issues; and
- being available to Shareholders and other Directors to address any concerns or issues they feel have not been adequately dealt with through the usual channels of communication (i.e. through the Chairman or the Portfolio Manager).

### Company Secretary

The Directors have access to the advice and services of a specialist company secretary, who is responsible for advising the Board on all governance matters. The Company Secretary ensures governance procedures are followed and that the Company complies with applicable statutory and regulatory requirements.

### Directors' Interests

The beneficial interests of the Directors in the Company are set out on page 60.

### Directors' Independence

As at the date of the Annual Report, the Board consists of six non-executive Directors, each of whom is independent of Frostrow and Lindsell Train. No member of the Board has been an employee of the Company, Frostrow, Lindsell Train or any of its service providers. Accordingly, the Board considers that all the Directors are independent and there are no relationships or circumstances which are likely to affect or could appear to affect their judgement.

The Chairman is entitled to a seat on the board of the Company's AIFM by virtue of the Company's minority partnership interest in Frostrow. It is a non-executive position and therefore the Board does not believe that this compromises his independence from the Company. At this time the Board has decided the Chairman will not take a seat on the board of Frostrow, but continues to receive updates on the business as part of the review of Frostrow's valuation.

### Directors' Other Commitments

Each of the Directors assessed the overall time commitment of their external appointments and it was concluded that they have sufficient time to discharge their duties. When

appointing new Directors, the Board takes into account other demands on the Directors' time. Any additional external appointments are not undertaken without prior approval of the Board.

### Board Evaluation

During the year the performance of the Board, its committee and individual Directors was evaluated through a formal assessment process led by the Chairman. The performance of the Chairman was evaluated by the other Directors under the leadership of Sandra Kelly as Senior Independent Director.

It was concluded that the Chairman continued to uphold the highest standards of integrity and ethical leadership promoting a culture of openness and debate based on mutual respect within the Boardroom.

The Chairman is satisfied that the structure and operation of the Board continues to be effective and relevant and that there is a satisfactory mix of skills, experience, length of service and knowledge of the Company. The Board has considered the position of all of the Directors, and believes that it would be in the Company's best interests to propose them for re-election by Shareholders at the 2024 Annual General Meeting. The relevant experience of each of the Directors is detailed on pages 40 and 41 and on page 8 of the Notice of Meeting.

As an independent external review of the Board was undertaken in 2021 the next such review will be held in 2024.

### Independent Professional Advice

The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may seek independent professional advice at the Company's expense.

## Risk and Internal Control

The Statement of Directors' Responsibilities on page 54 describes the Directors' responsibility for preparing this report.

The Audit Committee Report, beginning on page 61, explains the work undertaken to allow the Directors to make this statement and to apply the going concern basis of accounting. It also sets out the main roles and responsibilities as well as the work of the Audit Committee and describes the Directors' review of the Company's risk management and internal control systems.

A description of the principal risks facing the Company and an explanation of how they are being managed is provided in the Strategic Report on pages 22 to 27.

An overview of the Internal Controls structure of the Company and its service providers is shown overleaf.

## GOVERNANCE

### CORPORATE GOVERNANCE - CONTINUED

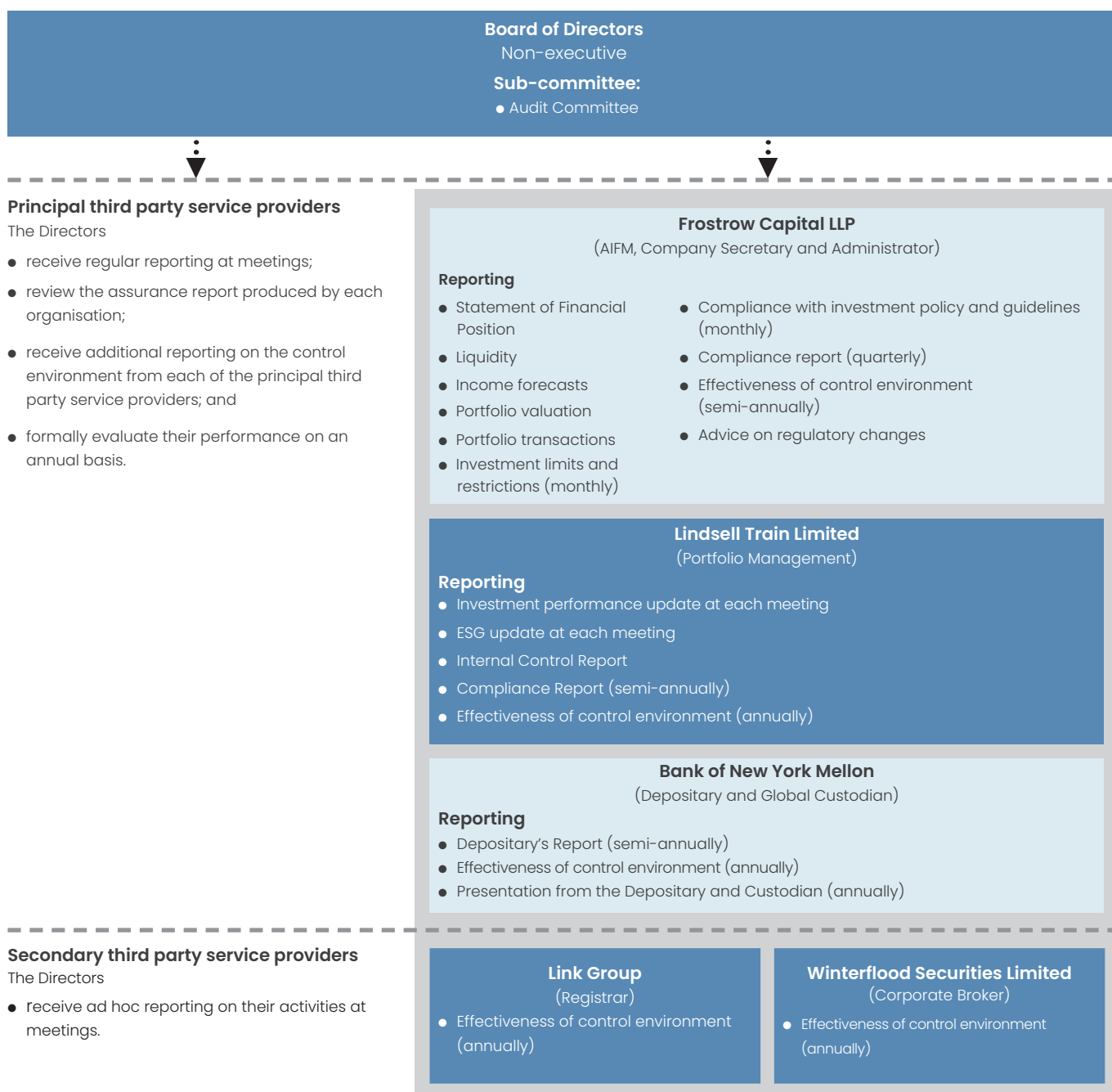
#### INTERNAL CONTROLS STRUCTURE

The Board has responsibility for establishing and assessing internal controls to ensure the Company operates effectively, efficiently and within the risk appetites set by the Board. As the Company relies on third party service providers for all of its operations, it obtains regular reports from these counterparties on the nature and effectiveness of controls within these organisations.

The Company's principal service providers are the Portfolio Manager, Lindsell Train Limited, the AIFM, Company Secretary and Administrator, Frostrow Capital LLP, and its depositary and custodian, Bank of New York Mellon. The Board receives regular reporting on compliance with the control environment and assesses the effectiveness of the internal controls through review of the assurance reports from each of these organisations.

In addition, the Company retains a number of secondary providers who report to the Board. These include the registrar, broker and financial adviser. The services provided by these firms are not integral to the Company's operating model and internal controls and so the reporting they provide to the Board on their operations is less extensive.

The Audit Committee formally evaluates the performance and service delivery of all third party service providers at least annually and the performance of the Company's external auditor annually, following the completion of the annual audit process.





## Stakeholders

### Reporting on Engagement with Stakeholders

The AIC Code requires directors to explain their statutory duties as stated in Sections 171–177 of the Companies Act 2006. Under Section 172, directors have a duty to promote the success of the Company for the benefit of its members as a whole and in doing so have regard to the consequences of any decisions in the long term, as well as having regard to the Company's stakeholders amongst other considerations.

The Board's report on its compliance with Section 172 of the Companies Act 2006 is contained within the Strategic Report on pages 29 to 32.

### Nominee Share Code

Where shares in the Company are held via a nominee company, the Company undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance; and
- to allow investors holding shares through a nominee company to attend general meetings.

Nominee companies are encouraged to provide the necessary authority to underlying Shareholders to attend the Company's Annual General Meeting and vote via proxy.

## Annual General Meeting

The Annual General Meeting will be held at 12 noon on Tuesday, 23 January 2024. The formal notice of the Annual General Meeting is set out in the accompanying circular to Shareholders, together with explanations of the resolutions and arrangements for the meeting.

By order of the Board

**Frostrow Capital LLP**  
Company Secretary  
6 December 2023

# Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Company's Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for:

- keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006; and
- the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

## RESPONSIBILITY STATEMENT

The Directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced, understandable and provide the information necessary for Shareholders to assess the Company's position, performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the 'Board of Directors' section on pages 40 and 41 confirms that, to the best of their knowledge:

- the Company's Financial Statements, which have been prepared in accordance with United Kingdom Accounting Standards give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Approved by the Board of Directors and signed on its behalf by

**Simon Hayes**

**Chairman**

6 December 2023

Note to those who access this document by electronic means:

The Annual Report for the year ended 30 September 2023 has been approved by the Board of Finsbury Growth & Income Trust PLC. Copies of the Annual Report are circulated to Shareholders and, where possible to potential investors. It is also made available in electronic format for the convenience of readers. Printed copies are available from the Company Secretary's office in London.

## GOVERNANCE

# Directors' Remuneration Policy

The Company follows the recommendations of the AIC Code that Directors' remuneration should reflect their duties, responsibilities and the value of their time spent. The Board's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole, and is determined with reference to comparable organisations and appointments. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive Directors. This policy is reviewed annually and it is intended that it will continue for the year ending 30 September 2024 and for subsequent financial years.

Shareholder approval of the Directors' Remuneration Policy was last sought at the AGM held in January 2023. The result in respect of the resolution was as follows:

Remuneration policy	VOTES CAST FOR	VOTES CAST AGAINST	VOTES WITHHELD*
Votes cast	86,434,157	149,590	79,223
% of votes cast	99.83%	0.17%	

\* Votes withheld are not votes by law and are therefore not counted in the calculation of votes for or against a resolution

The fees for the Directors are determined within the limits set out in the Company's Articles of Association, the maximum aggregate limit currently being £200,000 per annum, and Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. As explained within the Chairman's Statement, it is proposed to raise the aggregate amount of Directors' fees as set out in the Articles of Association from £200,000 to £300,000 in any financial year.

Directors are entitled to claim reasonable expenses from the Company in relation to the performance of their duties. The current and projected Directors' fees for 2024 are shown in the following table. The Company does not have any employees.

	DATE OF APPOINTMENT TO THE BOARD	PROJECTED FEES YEAR ENDING 30 SEPTEMBER 2024	CURRENT FEES YEAR ENDED 30 SEPTEMBER 2023
Simon Hayes (Chairman)	29 June 2015	£43,000	£41,000
James Ashton	14 October 2020	£28,500	£27,000
Kate Cornish-Bowden	26 October 2017	£28,500	£27,000
Sandra Kelly (Chair of the Audit Committee and SID)	9 October 2019	£35,000	£33,000
Pars Purewal	28 November 2022	£28,500	£22,812
Lorna Tilbian	26 October 2017	£28,500	£27,000
		£192,000	£177,812

The current level of Directors' fees will not be reviewed until at least September 2024. Any new Director being appointed to the Board who has not been appointed as either Chairman of the Board or as the Chair of the Audit Committee will, under the current level of fees, receive £28,500 per annum.

## GOVERNANCE

### DIRECTORS' REMUNERATION POLICY - CONTINUED

#### **DIRECTORS' REMUNERATION YEAR ENDED 30 SEPTEMBER 2023**

None of the Directors has a service contract. The terms of their appointment provide that Directors shall retire and be subject to election at the first Annual General Meeting after their appointment and to re-election annually thereafter. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office. The terms and conditions of the Directors' appointments are set out in formal letters of appointment which are available for review on request from the Company Secretary at [cosec@frostrow.com](mailto:cosec@frostrow.com) and will be available for 15 minutes before, and during, the forthcoming AGM.

#### **CONSIDERATION OF SHAREHOLDERS' VIEWS**

In accordance with best practice recommendations the Board will put the Remuneration Policy to Shareholders at the Annual General Meeting at least once every three years. Approval of this policy was last granted by Shareholders at the Annual General Meeting held in January 2023 and approval will be sought accordingly at the Annual General Meeting to be held in 2026.

Any feedback received from Shareholders is considered as part of the Board's annual review of remuneration. In respect of the year under review no feedback has been received from Shareholders in relation to remuneration.



## GOVERNANCE

# Directors' Remuneration Report

## STATEMENT BY THE CHAIRMAN OF THE BOARD

On behalf of the Board, I am pleased to present the Directors' Remuneration Report to Shareholders.

This report has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 and the Enterprise and Regulatory Reform Act 2013. An Ordinary Resolution for the approval of this report will be put to Shareholders at the Company's forthcoming Annual General Meeting. The Directors' Remuneration Policy Report, which is separate to this report, can be found on pages 55 and 56.

The law requires the Company's Auditors to audit certain disclosures within this report. Where disclosures have been audited they are indicated as such and the Auditors' opinion is included in their report to members on pages 66 to 72.

Due to the Company's size and to avoid the need to establish a separate Remuneration Committee, the Company's remuneration function is carried out by the full Board under my Chairmanship. The Board considers the framework for the remuneration of the Directors on an annual basis. It reviews the ongoing appropriateness of the Company's remuneration

The following table shows the remuneration components for each Board Role. The 2023 annual rate was approved with effect from 1 October 2023.

COMPONENT	2023 ANNUAL RATE (£)	2022 ANNUAL RATE (£)*	PURPOSE AND OPERATION
Basic Annual Fee: Each Director	£28,500	£27,000	In recognition of the time and commitment required by Directors of public companies as well as the responsibilities of the role. The basic fee is reviewed against fees paid by peer companies to ensure that it reflects fair and adequate compensation for the role.
Additional Fee: Chairman of the Board	£14,500	£14,000	For the additional time, commitment and responsibility required on the Company's business issues; and providing leadership as Chairman of the Board.
Additional Fee: Chair of the Audit Committee	£6,500	£6,000	For the greater time required on the financial and reporting affairs of the Company.
Additional Fee: Each Director	Variable	Variable	In the event that the Company undertakes a complex or large project, such additional fee as will fairly compensate for the additional time and commitment required by a Director.
Expenses: Each Director	Variable	Variable	Reimbursement of expenses properly incurred by Directors in attending meetings and/or otherwise in the performance of their duties to the Company.

\* The 2022 remuneration components were approved with effect from 1 October 2022.

No advice from remuneration consultants was received during the year under review although a review of remuneration of the Company's peer group of investment companies was undertaken along with research by Nurole Limited and Trust Associates Limited, which indicated that the Company's remuneration levels are in line with the market.

### Directors' Fees

The Directors are remunerated exclusively by fixed fees and do not receive bonus payments, pension contributions or other benefits from the Company. Directors are not offered options to acquire shares in the Company.

policy and the individual remuneration of Directors by reference to the activities of the Company and comparison with other companies of a similar structure and size. This is in line with the AIC Code.

The Directors exercise independent judgement and discretion when authorising remuneration outcomes, taking into account the Company's performance together with wider circumstances.

The Board considers the level of Directors' fees annually. At the most recent review held in September 2023, it was agreed that the Directors' fees with effect from 1 October 2023 would be as follows:

The Chairman – £43,000 (2023: £41,000)

The Chair of the Audit Committee – £35,000 (2023: £33,000)

Other Directors – £28,500 (2023: £27,000).

All Directors are entitled to the reimbursement of reasonable out of pocket expenses incurred by them in order to perform their duties as directors of the Company.

As noted in the Strategic Report, all of the Directors are non-executive and therefore there is no Chief Executive Officer ("CEO"). The Company does not have any employees. There is therefore no CEO or employee information to disclose.

No payments were made to former Directors of the Company.

## GOVERNANCE

### DIRECTORS' REMUNERATION REPORT – CONTINUED

At the last AGM held in January 2023 the result in respect of the resolution to approve the Directors' Remuneration Report was as follows:

Remuneration report	VOTES CAST FOR	VOTES CAST AGAINST	VOTES WITHHELD*
Votes cast	86,451,715	137,827	73,428
% of votes cast	99.84%	0.16%	

\* A vote Withheld is not a vote in law and is not counted in the calculation of the proportion of votes "For" and "Against" a resolution.

Shareholder approval of the Directors' Remuneration Report will be sought again at the AGM to be held in January 2024.

### Directors' remuneration for the year ended 30 September 2023 (audited)

	DATE OF APPOINTMENT	FEES 2023	TAXABLE <sup>†</sup> BENEFITS 2023	TOTAL FEES 2023	FEES 2022	TAXABLE <sup>†</sup> BENEFITS 2022	TOTAL FEES 2022
Simon Hayes	29 June 2015	£41,000	–	£41,000	£40,000	–	£40,000
James Ashton	14 October 2020	£27,000	–	£27,000	£26,000	–	£26,000
Kate Cornish-Bowden	26 October 2017	£27,000	–	£27,000	£26,000	–	£26,000
Sandra Kelly	9 October 2019	£33,000	–	£33,000	£32,000	–	£32,000
Pars Purewal	28 November 2022	£22,812	–	£22,812	N/A	N/A	N/A
Lorna Tilbian	26 October 2017	£27,000	–	£27,000	£26,000	–	£26,000
		£177,812	–	£177,812	£150,000	–	£150,000

<sup>†</sup> Taxable expenses primarily comprise travel and associated expenses incurred by the Directors in attending Board and Committee meetings in London

Fees have been pro-rated where a change takes place during a financial year.

No fees were paid to third parties in respect of services provided.

The table below contains the annual percentage change in remuneration over the five financial years prior to the current year in respect of the various director roles.

Fee Rates:	YEAR TO 30 SEPT 2019	YEAR TO 30 SEPT 2020	YEAR TO 30 SEPT 2021	YEAR TO 30 SEPT 2022	YEAR TO 30 SEPT 2023
Chairman	£37,500 +8.7%	£37,500 0.0%	£40,000 +6.7%	£40,000 0.0%	£41,000 +2.5%
Chair of the Audit Committee	£30,000 +10.1%	£30,000 0.0%	£32,000 +6.7%	£32,000 0.0%	£33,000 +3.1%
Directors' fees	£24,500 +6.5%	£24,500 0.0%	£26,000 +6.1%	£26,000 0.0%	£27,000 +3.8%
Additional fees	–	–	–	–	–

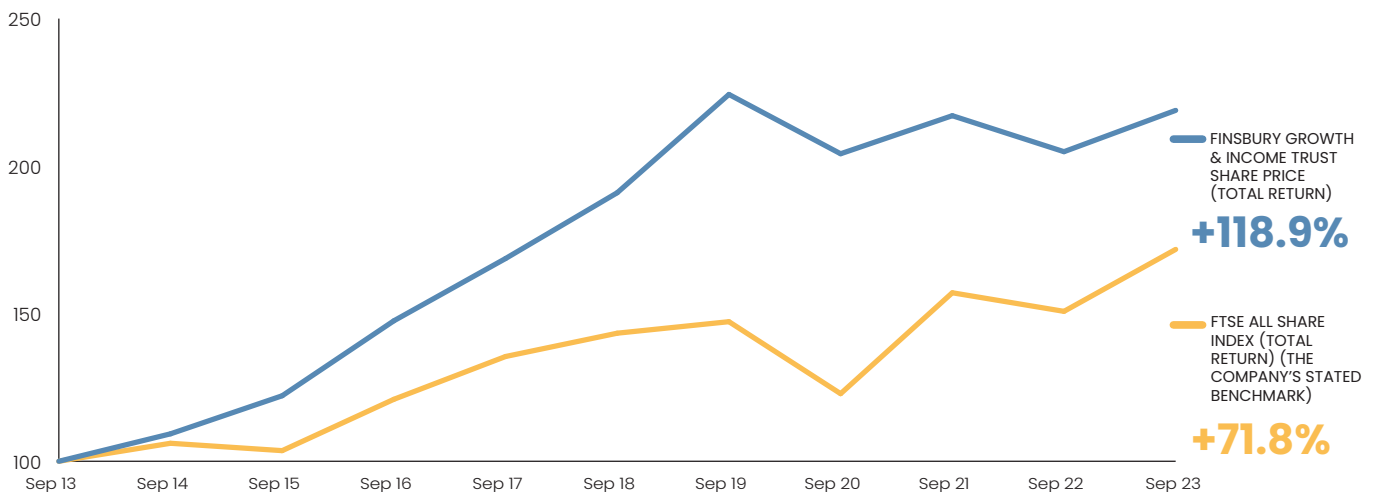
**Loss of office**

Directors do not have service contracts with the Company but are engaged under letters of appointment. These specifically exclude any entitlement to compensation upon leaving office for whatever reason.

**Share Price Return**

The chart below illustrates the shareholder return for the ten years to 30 September 2023 for a holding in the Company's shares as compared with the FTSE All-Share Index, which the Board has adopted as the measure for both the Company's performance and that of the Portfolio Manager.

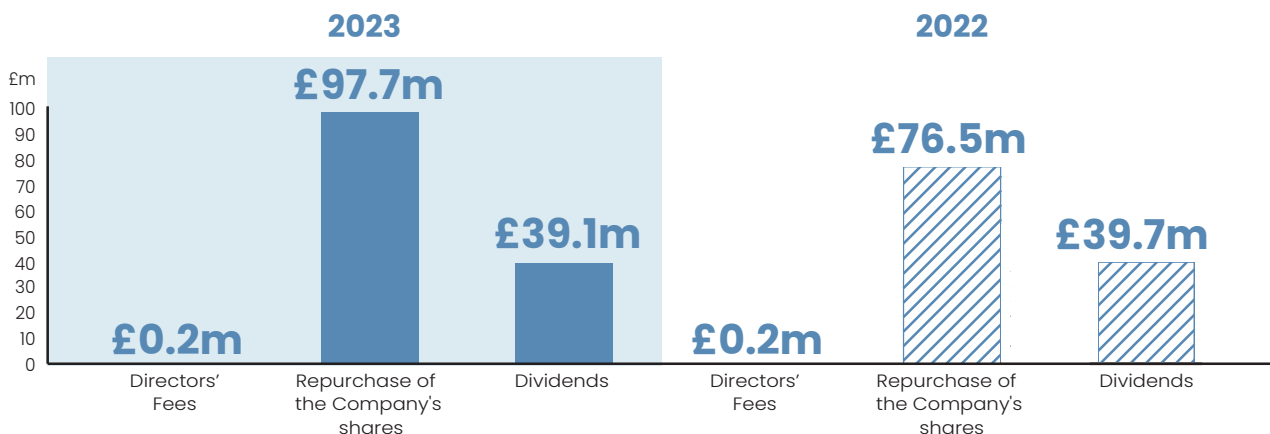
**TEN YEARS TOTAL SHAREHOLDER RETURN TO 30 SEPTEMBER 2023**



Source: Morningstar  
Rebased to 100 at September 2013

**RELATIVE COST OF DIRECTORS' REMUNERATION**

The bar chart below shows the comparative cost of Directors' fees compared with the level of dividend distribution and buy-backs in respect of the financial years ending 30 September 2022 and 2023.



Source: Frostrow Capital LLP

## GOVERNANCE

### DIRECTORS' REMUNERATION REPORT – CONTINUED

#### Directors' Interests in Ordinary Shares

The Directors' interests in the share capital of the Company are shown in the table below:

	NUMBER OF ORDINARY SHARES OF 25p HELD			
	(AUDITED) 30 SEPTEMBER 2023 NUMBER OF SHARES HELD	VALUATION* 30 SEPTEMBER 2023 £'000	(AUDITED) 30 SEPTEMBER 2022 NUMBER OF SHARES HELD	VALUATION* 30 SEPTEMBER 2022 £'000
Simon Hayes (Chairman)	175,000	1,491	150,000	1,200
James Ashton	1,047	9	1,027	8
Kate Cornish-Bowden	9,061	77	9,061	72
Sandra Kelly	8,096	69	8,096	65
Pars Purewal <sup>^</sup>	–	–	N/A	N/A
Lorna Tilbian	11,500	98	11,500	92
Total	204,704	1,744	179,684	1,437

\* The Company's share price as at 30 September 2023 was 852.0p (2022: 800.0p)

<sup>^</sup> Pars Purewal was appointed as a Director on 28 November 2022

None of the Directors was granted or exercised rights over shares during the year. None of the Directors has any contract (including service contracts) with the Company.

There are no provisions included within the Company's Articles of Association which require Directors to hold shares in the Company. Further detail is provided on page 42 in respect of the prevention of Pars Purewal purchasing shares in the Company.

#### Other Interests in Ordinary Shares

Interests in the share capital of the Company are shown in the table below:

	NUMBER OF ORDINARY SHARES OF 25p HELD			
	30 SEPTEMBER 2023 NUMBER OF SHARES HELD	VALUATION* 30 SEPTEMBER 2023 £'000	30 SEPTEMBER 2022 NUMBER OF SHARES HELD	VALUATION* 30 SEPTEMBER 2022 £'000
Alastair Smith (Managing Partner of Frostrow)	61,935	528	61,471	492
Nick Train (Portfolio Manager)	5,237,243	44,621	4,602,639	36,821

\* The Company's share price as at 30 September 2023 was 852.0p (2022: 800.0p)

Between 1 October 2023 and 5 December 2023, being the latest practicable date before the publication of the Annual Report, James Ashton acquired a further 500 Ordinary Shares, Simon Hayes acquired a further 10,000 Ordinary Shares and Nick Train acquired a further 25,000 Ordinary Shares. In addition, as part of respective dividend reinvestment plans, James Ashton acquired a further 13 Ordinary Shares and Simon Hayes acquired a further 2,256 Ordinary Shares.

No Director held any interests in the issued stock or shares of the Company other than as stated above.

#### Annual Statement

On behalf of the Board I confirm that the Remuneration Policy, set out on pages 55 and 56, and this Remuneration Report summarises, as applicable, for the year ended 30 September 2023:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and decisions were taken.

#### Simon Hayes

Chairman

6 December 2023



## GOVERNANCE

# Audit Committee Report

On behalf of the Board, I am pleased to present the Audit Committee's Report for the year ended 30 September 2023.

## ROLE AND COMPOSITION

The Audit Committee (the "Committee") comprises all the Directors of the Company.

The role of the Committee is to ensure that shareholder interests are properly protected in relation to the application of financial reporting and internal control principles, risk management and to assess the effectiveness of the audit. The Committee's role and responsibilities are set out in full in its terms of reference which are available in the Corporate Information section of the Company's website.

The Committee as a whole has competence relevant to the investment company sector with Committee members having a range of financial and investment experience. The requirement for at least one member of the Committee to have recent and relevant experience is satisfied by myself being a chartered accountant.

## RESPONSIBILITIES

As Chair of the Committee I can confirm that the Committee's main responsibilities during the year and how it fulfilled them is set out below:

- To review the Company's half year and annual financial statements** together with announcements and other filings relating to the financial performance of the Company. In particular, the Committee considered whether the Financial Statements were fair, balanced and understandable, allowing Shareholders to assess the Company's strategy, investment policy, business model, financial performance and financial position at each period end.
- To review the risk management and internal control processes** of the Company and its key service providers. As part of this review the Committee reviewed the appropriateness of the Company's anti-bribery and corruption policy. During the year the Committee also reviewed the internal controls in place at the Company's AIFM, its Portfolio Manager, its Registrar and its Depositary and undertook a full review of the Company's risk register. Further details can be found on page 62.
- To ensure compliance with Section 1158 of the Corporation Tax Act 2010.** The Committee obtained confirmation from Frostrow that the Company continues to meet the regulatory requirements.
- To agree the scope of the Auditors' work and their remuneration.** The Committee review their independence and the effectiveness of the audit process.
- To consider any non-audit work to be carried out by the Auditors.** The Committee reviews the need for non-audit services in accordance with the Company's non-audit services policy.
- To consider the need for putting the audit out to tender.** The Company is required to carry out a tender every ten years.

## MEETINGS

The Committee held four meetings during the financial year and meeting attendance is shown on page 47. Representatives of Frostrow acting as AIFM attended each of the Committee's meetings and reported on to the proper conduct of business in accordance with the regulatory environment in which the Company and the AIFM operate. The Committee also met the Auditors twice during the year and once, following completion of the audit, without representatives of the AIFM being present.

## GOVERNANCE

### AUDIT COMMITTEE REPORT - CONTINUED

## SIGNIFICANT MATTERS CONSIDERED BY THE AUDIT COMMITTEE AND THE BOARD DURING THE YEAR

SIGNIFICANT REPORTING MATTER	HOW THE ISSUE WAS ADDRESSED
Risk assessment of Fraudulent Activity	The Committee once again reviewed the impact of the risk of fraudulent activity. Following an assessment and identification of types of fraud that the Company could be exposed to, it was believed that the Company's key service providers had adequate, robust controls in place to mitigate the event of any fraudulent activity.
Risk assessment of Climate Change	The Committee reviewed an assessment of the impact of climate change and the weighted average carbon intensity of the portfolio companies. The Committee noted the key topics of engagement undertaken by Lindsell Train with each of the portfolio companies and that the assessment identified that the Company has a significantly lower weighted average carbon intensity than its comparable benchmark. Please refer to page 34 for further information.
Audit Committees and the External Audit Minimum Standard	The Committee noted the consultation and the AIC's response to the consultation, and considered the activities it undertakes to meet the requirements of the subsequently finalised 'Audit Committees and the External Audit: Minimum Standard' published by the Financial Reporting Council ("FRC"). The Committee will continue to monitor outcomes and next steps arising from the consultation.
Proposed changes to the UK Corporate Governance Code 2018 and Corporate Reporting	<p>The Committee noted the consultation published by the FRC on proposed changes to the UK Corporate Governance Code 2018 and will continue to monitor the timescale for implementation of these proposals.</p> <p>The Committee noted that the UK government had recently announced it had withdrawn the draft Companies (Strategic Report and Directors' Report) (Amendment) Regulations 2023, which were laid in Parliament on 19 July 2023. These regulations would have introduced further reporting requirements on both listed and private companies, including an annual resilience statement, a material fraud statement, a distributable profits figure, and a triennial audit and assurance policy statement.</p>
The Company's Audit Tender	In accordance with the Company's Audit Tender Guidelines, the Company will be conducting an audit tender in early 2024. The Audit Committee considered a framework and the potential implications of managed shared audits, as proposed by the BEIS consultation - restoring trust in audit and corporate governance.
UK Corporate Governance Code 2018, Provision 25: necessity of an Internal Audit function	In light of the relative simplicity of the operations and the use of independent external consultants, who report directly to the Committee, to advise on regulatory compliance and adherence to internal procedures, it was concluded that no internal audit function was required.

These matters were discussed by the Committee; any recommendations were fully considered and recommendations were then made to the Board.

### Internal Controls and Risk Management

The Directors have identified (Strategic Report pages 22 to 26) six main areas of risk and have identified the actions to evaluate and manage the specific risks in those six areas:

- Corporate Strategy;
- Investment Strategy and Activity;
- Shareholder Relations and Corporate Governance;
- Operational;
- Financial; and
- Accounting, Legal and Regulatory.

The Committee reviews the various actions taken and satisfies itself that they are sufficient: in particular the Committee reviews the Company's schedule of key risks at each meeting and agrees amendments to both risks and mitigating actions if necessary.

During the September 2023 Audit Committee meeting, the Committee reviewed the key risks identified by its peer group against the Company's existing principal risks. During the Audit Committee meeting the Committee was invited to consider the risks identified by other members of the Company's peer group and whether these should be added to the Company's risk register, and if so, consider the appropriate scoring to be applied. As a result of this exercise the Company's existing risks were broadened to include the new emerging risk factors that were identified by the Committee: further information can be found in the Strategic Report on page 26.

The Board has overall responsibility for the Company's risk management and systems of internal controls and for reviewing their effectiveness. In common with the majority of investment companies, investment management, accounting, company secretarial and custodial services have been delegated to third parties. The effectiveness of the internal controls is assessed on a continuing basis by the AIFM, the

Portfolio Manager and the Depositary. Each maintains its own systems and prepares independently audited internal control reports. The Committee reviews these audited reports and additionally receives regular reports from these third parties. The Committee is satisfied that appropriate systems have been in place for the year under review.

## ANNUAL REPORT AND FINANCIAL STATEMENTS

The Annual Report and the Financial Statements as a whole, are the responsibility of the Board. The Directors' Responsibility Statement is contained on page 54. The Board looks to the Committee to advise them in relation to the Financial Statements both as regards their form and content, and on any specific areas requiring judgement.

Although the Committee did not identify any significant issues as part of its review of the Annual Report and Financial Statements, it paid particular attention to:

### Accounting Policies

The accounting policies, as set out on pages 77 to 79, have been applied throughout the year. In light of there being no unusual transactions during the year or other possible reasons, the Committee found no cause to change any of the policies.

### Existence of investments

During the year the Committee met with representatives of the Depositary who provided reassurance concerning the safekeeping of the Company's investments.

### Going Concern

The Audit Committee, at the request of the Board, considered the ability of the Company to adopt the going concern basis for the preparation of the Financial Statements. Having reviewed the Company's financial position, the Committee is satisfied that it is appropriate for the Board to prepare the Financial Statements for the year ended 30 September 2023 on a going concern basis. The Committee's review of the Company's financial position included consideration of the cash and cash equivalents position of the Company, the diversification of the portfolio, and the analysis of portfolio liquidity, which estimated a liquidation of c.60.4% of the portfolio within seven trading days (based on current market volumes). Stress testing was completed to determine the appropriateness of preparing the Financial Statements on a going concern basis.

### Interest in unquoted investment

The Committee reviewed the valuation methodology of the Company's partnership interest in Frostrow Capital LLP. The valuation, based upon a multiple of earnings, was accepted.

### Internal audit

Since the Company delegates its day to day operations to third parties and has no employees, the Committee again determined that there is no requirement for an internal audit function.

### Internal Controls

The Committee is responsible for ensuring that suitable controls are in place to prevent and detect fraud, error and misstatement of financial information. As the Company outsources all of its functions to third parties, neither the Committee nor the Company has any internal control structure in place but instead requires its third party service providers to report on their internal controls. These reports are received at least annually, including reports which have been independently verified by the relevant service provider's independent Auditor.

### Long-Term Viability

The Committee considered, on behalf of the Board, the longer-term viability of the Company in connection with the Board's statement (see pages 26 and 27). The Committee reviewed the Company's financial position (including its cash flows and liquidity position), the principal risks and uncertainties and the results of stress tests. The stress tests considered the impact of one or more of the key risks crystallising and then modelled the impact on the portfolio. The results demonstrated the impact on the Company's NAV, its expenses and its ability to meet its liabilities.

In even the most stressed scenario, the Company was shown to have sufficient cash, or to be able to liquidate a sufficient portion of its listed holdings, in order to be able to meet its liabilities as they fall due. Based on these results the Committee concluded it was reasonable for the Board to expect that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five financial years.

## GOVERNANCE

### AUDIT COMMITTEE REPORT – CONTINUED

#### Recognition of Income from Investments

The Committee received assurance that all dividends receivable, including special dividends, had been accounted for appropriately.

#### Review of Disclosure and Communication

The Committee reviews whether it is following best practice in its disclosure and whether it is communicating clearly. In order to do this, the Committee receives reports on current and future changes to regulatory and accounting reporting from the Company Secretary and Auditors.

During the year the Committee reviewed the Annual Report in order to refresh the format and content to ensure it continues to be informative to readers.

#### Valuation of Investments

The Committee reviewed the robustness of the AIFM's processes in place for recording investment transactions as well as ensuring the valuation of investments is in accordance with the adopted accounting policies as detailed within Frostrow's independent controls report.

## EXTERNAL AUDITORS

### Meetings

The nature and scope of the 2023 audit, together with PricewaterhouseCoopers LLP's ("PwC") audit plan, were reviewed by the Committee on 9 May 2023.

I met with the Engagement Leader, Jeremy Jensen, and the Audit Manager on 16 November 2023 to discuss the audit and the draft 2023 Annual Report and Financial Statements. The Committee then met them on 28 November 2023 to review the outcome of the audit.

Details of the fees paid to the Auditors for audit services are set out in note 4 to the Financial Statements on page 81.

### Independence and Effectiveness

In order to fulfil the Committee's responsibility regarding the independence of the Auditors, the Committee reviewed:

- the senior audit personnel in the audit plan,
- the Auditors' arrangements concerning potential conflicts of interest,
- the statement by the Auditors that they remain independent within the meaning of the regulations and their professional standards,
- the Financial Reporting Council's Audit Quality Review report on PwC and discussed the findings with the Audit Partner.

- the extent of any non-audit services to ensure this was in line with the Company's policy.

In order to consider the effectiveness of the audit process, the Committee reviewed:

- the Auditors' fulfilment of the agreed audit plan,
- the report arising from the audit itself, and
- feedback from the AIFM on the conduct of the audit.

The Committee satisfied itself concerning the Auditors' independence and the effectiveness of the audit process, together with the degree of diligence and professional scepticism brought to bear.

The Committee monitors the level of non-audit work carried out by the Auditors and seeks assurances from the Auditors that they maintain suitable policies and processes ensuring independence, and monitor compliance with the relevant regulatory requirements on an annual basis. No non-audit work was carried out by the Auditors during the year.

The Company does not allow any non-audit services permitted under the 70% fee cap set out in the FRC's 2019 ethical standard.

### Auditor Tendering

The Committee has a duty to consider carefully the audit for value and effectiveness and, as part of its annual review, the need for putting the audit out to tender for reasons of quality, independence or value as well as the Auditors' term in office.

The Committee reviews the scope and effectiveness of the audit process, including agreeing the auditor's assessments of materiality, and monitors the auditor's independence and objectivity. It conducted a formal review of the performance of the Auditors during the year, concluding that performance had been satisfactory. However, as reported below, legislation means that the Company has to carry out a tender for the audit before the next audit.

PricewaterhouseCoopers LLP ("PwC") were the Auditors for the financial year and this was their tenth audit of the Company. They were appointed by the Board in June 2014 and their appointment was approved by Shareholders at the AGM held in February 2015 following a formal tender process and this appointment has been renewed by Shareholders at each subsequent AGM. As a public company listed on the London Stock Exchange, the Company is subject to mandatory auditor rotation requirements and therefore the Company will put its external audit out to tender at least every ten years, and change auditor at least every 20 years. The next audit tender will take place in early 2024, in order that the successful candidate's appointment or re-appointment can be approved by Shareholders at the AGM to be held in 2025.

The Committee will be mindful of any potential conflicts of



interest. Any firms providing other services to the Company within a two-year period of the date of the audit tender will be unable to participate.

### Independent Auditors' Remuneration

The Committee approved a fee of £57,780 (excluding VAT) for the audit of the year ended 30 September 2023 (2022: £52,080 (excluding VAT)).

This represents an increase of 10.9% compared with the previous year's fee. The increase was attributed to inflationary rises. The Committee believes that the fee is in line with audit fees payable for the investment company sector and is reflective of the level of work required to carry out a robust audit.

### Independent Auditors' Re-appointment

The Audit Committee is in the process of conducting an audit tender which is due to be completed in early 2024. Accordingly, the Board has not proposed the re-election of the current auditor, PwC, at the forthcoming AGM.

On completion of the audit tender the successful firm will be appointed by the Board, following a recommendation from the Audit Committee, to fill a casual vacancy. This appointment will be proposed for Shareholder approval at the 2025 AGM.

### Committee Effectiveness

As part of the evaluation process, the Board undertook an evaluation of the Audit Committee's effectiveness during October and November 2023. The Board confirmed that the Audit Committee had conducted its affairs in accordance with its terms of reference. The Board considers that the Audit Committee's approach is comprehensive and appropriate, that it focuses on the right issues and is managed well.

### Sandra Kelly, ACA

Chair of the Audit Committee

6 December 2023

# Report on the audit of the financial statements

## OPINION

In our opinion, Finsbury Growth & Income Trust PLC's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2023 and of its return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 30 September 2023; the Income Statement, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

## OUR AUDIT APPROACH

### Overview

#### Audit scope

- The Company is a standalone Investment Trust Company. The principal service providers to the Company are Frostrow Capital LLP which acts as AIFM, company secretary and administrator; and Lindsell Train Limited which acts as Portfolio Manager.
- We conducted our audit of the financial statements using information from the AIFM and Apex Fund Administration Services UK LTD (formerly Maitland Institutional Services), with whom the AIFM has engaged to provide certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

#### Key audit matters

- Income from Investments
- Valuation and existence of quoted investments

#### Materiality

- Overall materiality: £18,227,290 (2022: £18,303,000) based on 1% of net assets.
- Performance materiality: £13,670,460 (2022: £13,727,000).

## The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

## Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><b>Income from Investments</b></p> <p>Refer to the Audit Committee Report, Accounting Policies and Notes to the financial statements.</p> <p>ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective.</p> <p>For the Company we consider that 'income' refers to both revenue and capital (including gains and losses on investments).</p> <p>We focused this risk on the existence/ occurrence of gains/losses on investments as well as the completeness and accuracy of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies' Statement of Recommended Practice (the "AIC SORP").</p>	<p>We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to confirm that income had been accounted for in accordance with this stated accounting policy.</p> <p>We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income had been accounted for in accordance with the stated accounting policy.</p> <p>We understood and assessed the design and implementation of key controls surrounding income recognition.</p> <p>The gains/losses on investments held at fair value through profit or loss comprise realised and unrealised gains/losses. For unrealised gains and losses, we sample tested the valuation of the portfolio at the year-end, together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses.</p> <p>We sample tested dividend receipts by agreeing the dividend rates from investments to independent third party sources.</p> <p>To test for completeness, we sample tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for listed investments during the year.</p> <p>We sample tested occurrence by testing that dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements.</p> <p>We sample tested journal entries made to income accounts (both revenue and capital).</p> <p>We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions.</p> <p>No material misstatements were identified from this testing.</p>

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FINSBURY GROWTH & INCOME TRUST PLC

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation and existence of quoted investments</b></p> <p>Refer to the Audit Committee Report, Accounting Policies and Notes to the financial statements.</p> <p>The investment portfolio at the year-end principally comprised quoted equity investments valued at £1,833m.</p> <p>We focused on the valuation and existence of quoted investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position.</p>	<p>We tested the valuation of all quoted equity investments by agreeing the prices used in the valuation to independent third party sources.</p> <p>We tested the existence of the investment portfolio by agreeing the holdings of all quoted investments to an independently obtained custodian confirmation.</p> <p>No material misstatements were identified from this testing.</p>

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

### The impact of climate risk on our audit

In planning our audit, we made enquiries of the Directors and Portfolio Manager to understand the extent of the potential impact of climate change on the Company's financial statements.

The Directors and Portfolio Manager concluded that the impact on the measurement and disclosures within the financial statements is not material because the Company's investment portfolio is principally made up of level 1 quoted securities which are valued at fair value based on market prices. We found this to be consistent with our understanding of the Company's investment activities.

We also considered the consistency of the climate change disclosures included in the Strategic Report with the financial statements and our knowledge from our audit.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Overall Company materiality</b>	£18,227,290 (2022: £18,303,000).
<b>How we determined it</b>	1% of net assets.
<b>Rationale for benchmark applied</b>	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year on-year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £13,670,460 (2022: £13,727,000) for the Company financial statements.



In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £911,360 (2022: £915,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats to the Company;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses and debt repayments, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third party service providers; and
- assessing the implication of reductions in NAV as a result of market performance on the ongoing ability of the Company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FINSBURY GROWTH & INCOME TRUST PLC

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 30 September 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

### Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

## CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of Section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase income (investment income and/or capital gains) or to overstate the net asset value of the Company. Audit procedures performed by the engagement team included:

- discussions with the AIFM and the Audit Committee, including specific enquiry of known or suspected instances of non-compliance with laws and regulation and fraud where applicable;
- reviewing relevant meeting minutes, including those of the Audit Committee;
- assessment of the Company's compliance with the requirements of Section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- identifying and testing journal entries, in particular manual year end journal entries posted during the preparation of the financial statements; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FINSBURY GROWTH & INCOME TRUST PLC

## Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## OTHER REQUIRED REPORTING

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

## Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 19 June 2014 to audit the financial statements for the year ended 30 September 2014 and subsequent financial periods. The period of total uninterrupted engagement is 10 years, covering the years ended 30 September 2014 to 30 September 2023.

### Jeremy Jensen (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

6 December 2023

## FINANCIAL STATEMENTS

# Income Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	NOTE	YEAR ENDED 30 SEPTEMBER 2023			YEAR ENDED 30 SEPTEMBER 2022		
		REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Gains/(losses) on investments at fair value through profit or loss	9	–	96,387	96,387	–	(155,883)	(155,883)
Currency translations		–	(65)	(65)	–	14	14
Income	2	47,391	–	47,391	50,792	–	50,792
AIFM and portfolio management fees	3	(2,609)	(7,828)	(10,437)	(2,678)	(8,034)	(10,712)
Other expenses	4	(1,150)	(17)	(1,167)	(1,069)	(9)	(1,078)
<b>Return/(loss) on ordinary activities before finance charges and taxation</b>		43,632	88,477	132,109	47,045	(163,912)	(116,867)
Finance charges	5	(517)	(1,548)	(2,065)	(171)	(512)	(683)
<b>Return/(loss) on ordinary activities before taxation</b>		43,115	86,929	130,044	46,874	(164,424)	(117,550)
Taxation on ordinary activities	6	(1,186)	–	(1,186)	(1,190)	–	(1,190)
<b>Return/(loss) on ordinary activities after taxation</b>		41,929	86,929	128,858	45,684	(164,424)	(118,740)
<b>Return/(loss) per share – basic and diluted</b>	7	20.0p	41.4p	61.4p	20.6p	(74.0)p	(53.4)p

The "Total" column of this statement represents the Company's income statement.

The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies ("AIC").

All items in the above statement derive from continuing operations.

The Company had no recognised gains or losses other than those declared in the Income Statement; therefore no separate Statement of Comprehensive Income has been presented.

The notes on pages 77 to 92 form part of these Financial Statements.



## FINANCIAL STATEMENTS

# Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	NOTE	CALLED UP SHARE CAPITAL £'000	SHARE PREMIUM ACCOUNT £'000	CAPITAL REDEMPTION RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL SHAREHOLDERS' FUNDS £'000
At 1 October 2022		56,248	1,099,847	3,453	614,947	55,889	1,830,384
Net return from ordinary activities		–	–	–	86,929	41,929	128,858
Second interim dividend (9.8p per share) for the year ended 30 September 2022	8	–	–	–	–	(21,182)	(21,182)
First interim dividend (8.5p per share) for the year ended 30 September 2023	8	–	–	–	–	(17,667)	(17,667)
Repurchase of shares into Treasury	13	–	–	–	(97,664)	–	(97,664)
<b>At 30 September 2023</b>		<b>56,248</b>	<b>1,099,847</b>	<b>3,453</b>	<b>604,212</b>	<b>58,969</b>	<b>1,822,729</b>

	NOTE	CALLED UP SHARE CAPITAL £'000	SHARE PREMIUM ACCOUNT £'000	CAPITAL REDEMPTION RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL SHAREHOLDERS' FUNDS £'000
At 1 October 2021		56,248	1,099,847	3,453	855,886	49,224	2,064,658
Net (loss)/return from ordinary activities		–	–	–	(164,424)	45,684	(118,740)
Second interim dividend (9.1p per share) for the year ended 30 September 2021	8	–	–	–	–	(20,474)	(20,474)
First interim dividend (8.3p per share) for the year ended 30 September 2022	8	–	–	–	–	(18,545)	(18,545)
Repurchase of shares into Treasury	13	–	–	–	(76,515)	–	(76,515)
<b>At 30 September 2022</b>		<b>56,248</b>	<b>1,099,847</b>	<b>3,453</b>	<b>614,947</b>	<b>55,889</b>	<b>1,830,384</b>

The notes on pages 77 to 92 form part of these Financial Statements.

## FINANCIAL STATEMENTS

# Statement of Financial Position

AS AT 30 SEPTEMBER 2023

	NOTE	2023 £'000	2022 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	9	1,836,660	1,852,078
<b>Current assets</b>			
Debtors	10	10,209	12,398
Cash and cash equivalents		17,426	7,835
		27,635	20,233
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	11	(4,866)	(5,227)
Bank loan	12	–	(36,700)
		(4,866)	(41,927)
<b>Net current assets/(liabilities)</b>		22,769	(21,694)
<b>Total assets less current liabilities</b>		1,859,429	1,830,384
<b>Creditors: amount falling due after more than one year</b>			
Bank loan	12	(36,700)	–
<b>Net assets</b>		1,822,729	1,830,384
<b>Capital and reserves</b>			
Called up share capital	13	56,248	56,248
Share premium account		1,099,847	1,099,847
Capital redemption reserve		3,453	3,453
Capital reserve	14	604,212	614,947
Revenue reserve		58,969	55,889
<b>Total Shareholders' funds</b>		1,822,729	1,830,384
<b>Net asset value per share</b>	15	891.2p	848.4p

The Financial Statements on pages 73 to 92 were approved by the Board of Directors on 6 December 2023 and were signed on its behalf by:

**Simon Hayes**  
Chairman

The notes on pages 77 to 92 form part of these Financial Statements.

Company Registration Number SC013958 (Registered in Scotland)

## FINANCIAL STATEMENTS

# Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	NOTE	2023 £'000	2022 £'000
<b>Net cash inflow from operating activities</b>	18	36,895	38,098
<b>Investing activities</b>			
Purchase of investments		(41,840)	(79,080)
Sale of investments		154,301	139,227
<b>Net cash inflow from investing activities</b>		112,461	60,147
<b>Financing activities</b>			
Dividends paid		(38,849)	(39,019)
Repurchase of shares into Treasury		(98,792)	(73,253)
Interest paid <sup>†</sup>		(2,059)	(683)
<b>Net cash outflow from financing activities</b>		(139,700)	(112,955)
<b>Increase/(decrease) in cash and cash equivalents</b>		9,656	(14,710)
Currency transactions		(65)	14
Cash and cash equivalents at the beginning of the financial year*		7,835	22,531
Cash and cash equivalents at the end of the financial year*		17,426	7,835

<sup>†</sup> Reclassified as "financing activities" from "operating activities" as it better reflects the nature of this expense.

## Reconciliation of net debt

	2023 £'000	2022 £'000
Cash and cash equivalents*	17,426	7,835
Borrowings	(36,700)	(36,700)
<b>Net debt</b>	<b>(19,274)</b>	<b>(28,865)</b>

\* Comprises solely cash held at bank.

The notes on pages 77 to 92 form part of these Financial Statements.

## FINANCIAL STATEMENTS

# Notes to the financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 1. Accounting Policies

The Company is a public limited company (PLC) incorporated in the United Kingdom, with registered office at 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ.

The principal accounting policies, all of which have been applied consistently throughout the year in the preparation of these Financial Statements, are set out below:

### (A) BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with UK Generally Accepted Accounting Practice (GAAP) under UK and Republic of Ireland Company Law, FRS 102 'The Financial Reporting Standard applicable in the UK, the Statement of Recommended Practice (SORP) for "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies in July 2022 and the Companies Act 2006 under the historical cost convention as modified by the valuation of investments at fair value through profit or loss.

The Financial Statements have been prepared on a going concern basis. The disclosure on going concern on page 46 in the Statement of Directors' Responsibilities forms part of these Financial Statements.

### Presentation of the Income Statement

In order to reflect better the activities of an investment trust company and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net revenue return is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Sections 1158 and 1159 of the Corporation Tax Act 2010.

### Significant Judgements and Critical Sources of Estimation Uncertainties

There were no significant judgements or critical estimates reported during the financial year ended 30 September 2023 (2022: none).

### (B) INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments are measured under FRS 102, sections 11 and 12 and are measured initially, and at subsequent reporting dates, at fair value.

Changes in the fair value of investments and gains and losses on disposal are recognised in the Income Statement as a capital item. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided internally on this basis to the Board. Fair value for quoted investments is deemed to be bid market prices, or last traded price, depending on the convention of the stock exchange on which they are quoted.

All purchases and sales of investments are accounted for on a trade date basis.

The Company's policy is to expense transaction costs on acquisition/disposal through the gains on investment at fair value through profit or loss. The total of such expenses, showing the total amounts included in disposals and acquisitions, is disclosed in note 9 on page 85.

### (C) INCOME

Dividends receivable from equity shares are recognised in Revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in Capital. Overseas dividends are stated gross of any withholding tax.

When the Company has elected to receive scrip dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised in Revenue.

Fixed returns on non-equity shares are recognised on a time apportionment basis.

## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

Special dividends: In deciding whether a dividend should be regarded as a Capital or Revenue receipt, the Company reviews all relevant information as to the reasons for and sources of the dividend on a case by case basis depending upon the nature of the receipt. Special dividends of a revenue nature are recognised through the Revenue column of the Income Statement. Special Dividends of a capital nature are recognised through the Capital column of the Income Statement.

The limited liability partnership (LLP) profit share is recognised in the financial statements when the entitlement to the income is established, following the conclusion of the partnership's annual audit. Deposit interest receivable is taken to revenue on an accruals basis.

#### (D) DIVIDENDS PAYABLE

Dividends paid by the Company are recognised in the Financial Statements and are shown in the Statement of Changes in Equity in the period in which they became legally binding, which in the case of an interim dividend is the point at which it is paid and for a final dividend when it is approved by Shareholders in line with the ICAEW Tech Release 02/17BL.

#### (E) EXPENDITURE AND FINANCE CHARGES

All the expense and finance costs are accounted for on an accruals basis. Expenses are charged through the Revenue column of the Income Statement except as follows:

- (1) expenses which are incidental to the acquisition or disposal of an investment are treated as part of the cost or deducted from proceeds of that investment (as explained in 1(B) above);
- (2) expenses are taken to the Capital reserve via the Capital column of the Income Statement, where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In line with the Board's expected long-term split of returns, 75% of the portfolio management fee, AIFM fee and finance costs are taken to the Capital reserve and the balance to the Revenue reserve (2022: 75% capital, 25% revenue).

#### (F) TAXATION

Dividend income received by the Company may be subject to withholding tax imposed in the country of origin. The tax charges shown in the Income Statement relates to overseas withholding tax on dividend income.

Current tax is provided at the amounts expected to be paid or recovered.

Deferred taxation is provided on all timing differences that have originated but not been reversed by the Statement of Financial Position date other than those differences regarded as permanent. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the reversal of timing differences can be deducted. Any liability to deferred tax is provided for at the rate of tax enacted or substantially enacted.

#### (G) FOREIGN CURRENCY

Transactions recorded in overseas currencies during the year are translated into sterling at the exchange rates ruling at the date of the transaction. Assets and liabilities denominated in overseas currencies at the Statement of Financial Position date are translated into sterling at the exchange rate ruling at that date. Profits or losses on the translation of foreign currency balances, whether realised or unrealised are credited or debited to the Revenue or Capital column of the Income Statement depending on whether the gain or loss is of a revenue or capital nature.

#### (H) CASH AND CASH EQUIVALENTS

Cash and cash equivalents and demand deposits readily convertible to known amounts of cash and subject to insignificant risk of changes in value are defined as cash.

#### (I) BANK LOAN

Bank loans are initially recognised at fair value, net of transaction costs incurred. Bank loans are subsequently measured at amortised cost. The loan amounts falling due for repayment within one year are included under current liabilities in the Statement of Financial Position and the loan amounts falling due after one year are included under "Creditors: amounts falling due after more than one year" in the Statement of Financial Position.



## (J) REPURCHASE OF SHARES FOR CANCELLATION OR TO HOLD IN TREASURY

The cost of repurchasing ordinary shares (for cancellation or to hold in Treasury) including the related stamp duty and transaction cost is charged to the 'capital reserve' and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis.

Where shares are cancelled (or are subsequently cancelled having previously been held in Treasury), the nominal value of those shares is transferred out of 'Called up share capital' and into the 'Capital redemption reserve'.

Should shares held in Treasury be reissued, the sales proceeds will be treated as a realised capital profit up to the amount of the purchase price of those shares and will be transferred to capital reserves. The excess of the sales proceeds over the purchase price will be transferred to 'Share premium'.

## (K) OPERATING SEGMENTS

The Company defines operating segments and segment performance in the financial statements based on information used by the Board of Directors which is considered the Chief Operating Decision Maker<sup>^</sup>. The Directors are of the opinion that the Company is engaged in a single segment of business, being the investments business. The results published in this Annual Report therefore correspond to this sole operating segment.

## (L) NATURE AND PURPOSE OF RESERVES

### Capital Redemption Reserve

This reserve arose when ordinary shares were bought by the Company and subsequently cancelled, at which point the amount equal to the par value of the ordinary share capital was transferred from the ordinary share capital to the Capital Redemption reserve.

### Capital Reserve

This reserve reflects any:

- gains or losses on the disposal of investments;
- exchange differences of a capital nature;
- increases and decreases in the fair value of investments which have been recognised in the capital column of the Income Statement;
- expenses which are capital in nature as disclosed in note 1(E); and
- excess of the purchase price over the nominal value of shares which have been bought back by the Company for cancellation or to be held in Treasury. See note 1(J) above for further details.

Following amendments to the Company's Articles of Association in 2015, this reserve can be used to distribute certain capital profits by way of dividend.

### Revenue Reserve

This reserve reflects all income and expenditure which are recognised in the revenue column of the Income Statement and may be distributable by way of dividend.

When making a distribution to Shareholders, the Directors determine profits available for distribution by reference to 'Guidance on realised and distributable profits under the Companies Act 2006' issued by the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Scotland in April 2017. The availability of distributable reserves in the Company is dependent on those distributions meeting the definition of qualifying consideration within that guidance and on available cash resources of the Company and other accessible sources of funds. The distributable reserves are therefore subject to these restrictions or limitations at the time such distribution is made.

<sup>^</sup> See glossary of terms on page 93 to 97.

## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

## 2. Income

	2023 £'000	2022 £'000
<b>Income from investments</b>		
UK listed dividends*	39,247	41,827
Overseas dividends*	7,496	8,257
Priority profit share on AIFM Capital contribution	–	81
Limited liability partnership – profit-share	443	613
Other operating income – bank interest and miscellaneous income	205	14
<b>Total income</b>	<b>47,391</b>	<b>50,792</b>

\* Include special dividends which have been credited to the revenue account totalling £591,000 (2022: £1,833,000):

- UK listed dividends £nil (2022: £1,205,000).
- Overseas dividends £591,000 (2022: £628,000).

## 3. AIFM and portfolio management fees

	2023			2022		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
AIFM fee	652	1,957	2,609	670	2,008	2,678
Portfolio Management fee	1,957	5,871	7,828	2,008	6,026	8,034
<b>Total fees</b>	<b>2,609</b>	<b>7,828</b>	<b>10,437</b>	<b>2,678</b>	<b>8,034</b>	<b>10,712</b>

75% of the Portfolio management and AIFM fees are taken to the Capital reserve and 25% is taken to the Revenue reserve. See note 1(E) on page 78 for further details.

## 4. Other Expenses

	2023			2022		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Directors' fees	178	–	178	150	–	150
Auditors' fees – statutory annual audit	69	–	69	63	–	63
Depositary's fees	175	–	175	193	–	193
Stock listing and FCA fees	152	–	152	140	–	140
Custody fees	119	–	119	118	–	118
Index costs	85	–	85	74	–	74
Registrar's fees	64	–	64	59	–	59
Promotional costs	55	–	55	60	–	60
Printing and postage	43	–	43	52	–	52
Directors' D&O insurance	37	–	37	41	–	41
Broker fees	36	–	36	7	–	7
Other expenses	137	17	154	112	9	121
<b>Total expenses</b>	<b>1,150</b>	<b>17</b>	<b>1,167</b>	<b>1,069</b>	<b>9</b>	<b>1,078</b>

Further details of the amounts paid to Directors are included in the Directors' Remuneration Report on pages 57 to 60.

During the year ended 30 September 2023 there were no non-audit services provided by the Company's Auditor (2022: nil).

All of the above expenses include VAT where applicable. The auditor's fees for the statutory annual audit were £57,780 excluding VAT (2022: £52,080).

## 5. Finance Charges

	2023			2022		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Interest payable on bank loan	483	1,445	1,928	161	482	643
Loan facility commitment fees	23	69	92	10	30	40
Arrangement fee	11	34	45	–	–	–
	<b>517</b>	<b>1,548</b>	<b>2,065</b>	<b>171</b>	<b>512</b>	<b>683</b>

## FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

### 6. Taxation on Ordinary Activities

#### (A) ANALYSIS OF CHARGE IN THE YEAR

	2023			2022		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
UK Corporation tax at 22%# (2022: 19%)	–	–	–	–	–	–
Overseas withholding tax	1,308	–	1,308	1,364	–	1,364
Recoverable overseas withholding tax	(122)	–	(122)	(174)	–	(174)
	1,186	–	1,186	1,190	–	1,190

#### (B) FACTORS AFFECTING TOTAL TAX CHARGE FOR YEAR

The tax assessed for the year is lower (2022: higher) than the standard rate of UK corporation tax of 25% (2022: 19%).

The differences are explained below:

	2023			2022		
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Total return/(loss) on ordinary activities before taxation	43,115	86,929	130,044	46,874	(164,424)	(117,550)
Return/(loss) on ordinary activities multiplied by UK corporation tax of 22%# (2022: 19%)	9,485	19,124	28,609	8,906	(31,240)	(22,334)
Effects of:						
Overseas taxation	1,186	–	1,186	1,190	–	1,190
Franked investment income not subject to corporation tax – UK dividend income	(8,634)	–	(8,634)	(7,947)	–	(7,947)
Overseas dividends not taxable	(1,649)	–	(1,649)	(1,569)	–	(1,569)
Excess management expenses	798	–	798	610	–	610
Amounts charged to capital	–	2,067	2,067	–	1,625	1,625
Non-taxable (return)/loss on investments*	–	(21,205)	(21,205)	–	29,618	29,618
Currency translations	–	14	14	–	(3)	(3)
<b>Total tax charge for the year (note 6(A))</b>	1,186	–	1,186	1,190	–	1,190

\* (Return)/loss on investments are not subject to corporation tax within an investment company.

# With effect from 1 April 2023, the main rate of corporation tax increased from 19% to 25%, therefore the hybrid rate of 22% has been used.

## (C) DEFERRED TAXATION

As at 30 September 2023, the Company had unused management expenses and other reliefs for taxation purposes of £135,063,000 (2022: £122,041,000). It is unlikely that the Company will generate sufficient taxable income in excess of the available deductible expenses and therefore the Company has not recognised a deferred tax asset of £33,766,000 (2022: £30,510,000) based on the prospective corporation tax rate of 25% (2022: 25%).

Given the Company's status as an investment company and the intention to continue to meet the conditions required to maintain such status in the foreseeable future, the Company has not provided for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

## 7. Return/(loss) per share – Basic and Diluted

	2023 £'000	2022 £'000
The return/(loss) per share is based on the following figures:		
Revenue return	41,929	45,684
Capital return/(loss)	86,929	(164,424)
<b>Total return/(loss)</b>	128,858	(118,740)
Weighted average number of shares in issue during the year	209,802,492	222,335,694
Revenue return per share	20.0p	20.6p
Capital return/(loss) per share	41.4p	(74.0)p
<b>Total return/(loss) per share</b>	61.4p	(53.4)p

The calculation of the total, revenue and capital returns/(loss) per ordinary share is carried out in accordance with IAS 33, "Earnings per Share (as adopted in the UK)".

As at 30 September 2023 and 2022 there were no dilutive instruments in issue, therefore the basic and diluted return/(loss) per share are the same.

\* Excludes shares held in Treasury.



## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## 8. Dividends

In accordance with FRS 102 dividends are included in the Financial Statements in the period in which they are paid or approved by Shareholders.

Amounts recognised as distributable to Shareholders for the year ended 30 September 2023 were as follows:

	EX-DIVIDEND DATE	PAYMENT DATE	2023 £'000	2022 £'000
Second interim dividend paid for the year ended 30 September 2022 of 9.8p per share	29 September 2022	4 November 2022	21,182	-
First interim dividend paid for the year ended 30 September 2023 of 8.5p per share	6 April 2023	19 May 2023	17,667	-
Second interim dividend paid for the year ended 30 September 2021 of 9.1p per share	7 October 2021	12 November 2021	-	20,474
First interim dividend paid for the year ended 30 September 2022 of 8.3p per share	31 March 2022	13 May 2022	-	18,545
			38,849	39,019
* Second interim dividend of 10.5p per share for the year ended 30 September 2023 (2022: 9.8p)	5 October 2023	10 November 2023	21,454	21,182

\* The second interim dividend of 10.5p per share (2022: 9.8p) has not been included as a liability in these Financial Statements as it is only recognised in the financial year in which it is paid.

The total dividends payable in respect of the financial year which forms the basis of the retention test under Section 1158 of the Corporation Tax Act 2010 are set out below:

	2023 £'000	2022 £'000
Revenue available for distribution by way of dividend for the year	41,929	45,684
2023 First interim dividend of 8.5p per share (2022: 8.3p) paid on 19 May 2023	(17,667)	(18,545)
2023 Second interim dividend of 10.5p per share (2022: 9.8p) paid on 10 November 2023	(21,454)	(21,182)
Net additions to revenue reserves	2,808	5,957

The Company's dividend policy is set out on page 20.

## 9. Investments held at Fair Value Through Profit or Loss

### ANALYSIS OF PORTFOLIO MOVEMENTS

	2023 £'000	2022 £'000
Opening book cost	1,293,409	1,303,097
Opening investment holding gains	558,669	768,169
Valuation at 1 October	1,852,078	2,071,266
Movements in the year:		
Purchases at cost	42,619	79,246
Sales proceeds	(154,424)	(142,551)
Gains/(losses) on investments	96,387	(155,883)
Valuation at 30 September	1,836,660	1,852,078
Closing book cost	1,244,868	1,293,409
Investment holding gains at 30 September	591,792	558,669
Valuation at 30 September	1,836,660	1,852,078

The Company received £154,424,000 (2022: £142,551,000) from investments sold in the year. The realised gains of these investments were £63,263,000 (2022: £53,618,000) and the book cost of these investments when they were purchased was £91,161,000 (2022: £88,933,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Purchase transaction costs for the year to 30 September 2023 were £50,000 (2022: £161,000). These comprise stamp duty costs of £33,000 (2022: £110,000) and commission of £17,000 (2022: £51,000). Sales transaction costs for the year to 30 September 2023 were £55,000 (2022: £53,000) and comprise commission.

## 10. Debtors

	2023 £'000	2022 £'000
Amounts due from brokers in respect of portfolio trading – disposals	4,121	3,998
Accrued income and prepayments	6,088	8,400
	10,209	12,398

## 11. Creditors: Amounts Falling Due Within One Year

	2023 £'000	2022 £'000
Amounts due to brokers in respect of portfolio trading – purchases	1,669	890
Amounts due to brokers in respect of shares repurchased by the Company	2,134	3,262
Other creditors and accruals	1,063	1,075
	4,866	5,227

## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## 12. Bank Loan

	2023 £'000	2022 £'000
Bank loan	36,700	36,700

Scotiabank Europe PLC, the provider of the Company's loan facility, has a fixed and floating charge over the assets of the Company as security against any funds drawn down under the loan facility. As at 30 September 2023 the Company was in the first year of its three year secured fixed term multi-currency revolving loan facility of £60 million (with an additional £40 million available if required).

This facility was renewed on 4 October 2022 and will expire in early October 2025.

The main covenant under the loan facility required that, at each month end, total borrowings should not exceed £100 million (2022: £100 million), Net Asset Value must not fall below £750 million (2022: £300 million) and the ratio of Adjusted Total Net Assets to Debt is not to be less than 4:1 (2022: 4:1). There were no breaches of the covenants during the year.

The Board has set a gearing limit which must not exceed 25% of the Company's net asset value. See the Strategic Report on page 19 and the Report of the Directors on page 42 for further details.

## 13. Called Up Share Capital

	2023 £'000	2022 £'000
<b>Allotted, issued and fully paid:</b>		
204,519,434 (2022: 215,737,992) ordinary shares of 25p each	51,130	53,935
20,471,869 (2022: 9,253,311) ordinary shares of 25p held in Treasury	5,118	2,313
224,991,303 (2022: 224,991,303) total ordinary shares of 25p each	56,248	56,248

No shares were issued by the Company during the year (2022: Nil).

During the year, the Company bought back 11,218,558 shares to be held in Treasury at a cost of £97,664,000 (2022: 9,253,311 shares were bought back at a cost of £76,515,000).

Between 1 October 2023 and 5 December 2023, the Company bought back a further 5,045,317 shares into Treasury at a cost of £41,531,000.

## 14. Capital Reserve

	CAPITAL RESERVE REALISED £'000	CAPITAL RESERVE INVESTMENT HOLDING GAINS UNREALISED £'000	2023 TOTAL £'000	CAPITAL RESERVE REALISED £'000	CAPITAL RESERVE INVESTMENT HOLDING GAINS UNREALISED £'000	2022 TOTAL £'000
At 1 October 2022	56,279	558,668	614,947	87,717	768,169	855,886
Net gains/(losses) on investments	63,263	33,124	96,387	53,618	(209,501)	(155,883)
Repurchase of shares into Treasury	(97,664)	–	(97,664)	(76,515)	–	(76,515)
Expenses charged to capital	(7,845)	–	(7,845)	(8,043)	–	(8,043)
Finance costs charged to capital	(1,548)	–	(1,548)	(512)	–	(512)
Currency translations	(65)	–	(65)	14	–	14
At 30 September 2023	12,420	591,792	604,212	56,279	558,668	614,947

The amount of the capital reserve that is distributable is complex to determine and is not necessarily the full amount of the reserve as disclosed within these Financial Statements of £604,212,000 as at 30 September 2023 (2022: £614,947,000) as this is subject to fair value movements and may not be readily realisable at short notice.

## 15. Net Asset Value Per Share

	2023	2022
Net assets (£'000)	1,822,729	1,830,384
Number of shares in issue (excluding shares held in Treasury)	204,519,434	215,737,992
Net asset value per share	891.2p	848.4p

As at 30 September 2023 and 2022 there were no dilutive instruments held, therefore the basic and diluted net asset value per share are the same.

At 30 September 2023 20,471,869 shares were held in Treasury (2022: 9,253,311).

## 16. Transactions with the AIFM, the Portfolio Manager and Related Parties

Details of the relationship between the Company, Frostrow and Lindsell Train are disclosed on the Company's website and also in the Report of the Directors on pages 36 and 37.

As at 30 September 2023, the Company had an investment in Frostrow with a book cost of £200,000 (2022: £200,000) and a fair value of £3,725,000 (2022: £4,725,000) (including the AIFM capital contribution of £125,000 (2022: £125,000)). During the year Frostrow earned a total of £2,609,000 (2022: £2,678,000) in respect of AIFM fees, of which £209,000 was outstanding at 30 September 2023 (2022: £209,000).

The Company has an investment in The Lindsell Train Investment Trust plc, which is managed by Lindsell Train, with a book cost of £1,000,000 (2022: £1,000,000) and a fair value of £8,760,000 as at 30 September 2023 (2022: £9,720,000). During the year Lindsell Train earned a total of £7,828,000 (2022: £8,034,000) in respect of Portfolio Management fees of which £626,000 was outstanding at 30 September 2023 (2022: £627,000).

Further details can be found in the Corporate Information section of the Company's website.

Details of the income received from the AIFM are disclosed in note 2 on page 80 and details of the remuneration payable to the AIFM and the Portfolio Manager are disclosed in note 3 also on page 80.

Details of the fees of all Directors can be found on pages 55 to 60 and in note 4 on page 81. Directors' interests in the capital of the Company can be found on page 60. There were no other material transactions during the year with the Directors of the Company.

## 17. Risk Management

As an investment company the Company invests in equities and other investments for the long term so as to secure its investment objective as stated on page 1. In pursuit of its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction in the revenue returns available for distribution.

The Company's financial instruments comprise mainly equity investments, cash balances, borrowings, debtors and creditors that arise directly from its operations.

The principal risks inherent in managing financial instruments are market risk, liquidity risk and credit risk.

The principal and emerging risks of the Company and the Directors' approach to the management of those where the Directors consider there to be a high inherent risk are set out in the Strategic Report on pages 22 to 26.

### MARKET RISK

Market risk comprises three types of risk: market price risk, interest rate risk and currency risk.

#### Market Price Risk

As an investment company, performance is dependent on the performance of the underlying companies and securities in which it invests. The market price of investee companies' shares is subject to their performance, supply and demand for the shares and investor sentiment regarding the company or the industry sector in which it operates. Consequently, market price risk is one of the most significant risks to which the Company is exposed.

## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

At 30 September 2023, the fair value of the Company's assets exposed to market price risk was £1,836,660,000 (2022: £1,852,078,000 see page 9). If the fair value of the Company's investments at the Statement of Financial Position date increased or decreased by 10%, while *all other variables remained constant*, the capital return and net assets attributable to Shareholders for the year ended 30 September 2023 would have increased or decreased by £183,666,000 or 89.80p per share (2022: £185,208,000 or 85.85p per share).

No derivatives or hedging instruments are currently utilised to manage market price risk.

### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate movement may affect:

- the interest payable on the Company's variable rate borrowings
- the level of income receivable from variable interest securities and cash deposits
- the fair value of investments of fixed rate securities

The Company's main exposure to interest rate risk during the year ended 30 September 2023 was through its three year £60,000,000 (2022: £50,000,000) secured multi-currency committed revolving credit facility (with an additional £40 million facility available if required (2022: £50 million)) with Scotiabank Europe PLC.

Borrowings at the year end amounted to £36,700,000 (2022: £36,700,000) at an interest rate of 6.486% (5.186% SONIA plus 1.30% margin) (2022: 3.257% (2.188% SONIA plus 1.069% margin and fees)).

If the above level of borrowing was maintained for a year, a 10% increase or decrease in SONIA would decrease or increase the revenue return by £48,000, (2022: £20,000), decrease or increase the capital return in that year by £142,000 (2022: £60,000) and decrease or increase the net assets by £190,000 (2022: £80,000).

The weighted average interest rate, during the year, on borrowings under the above mentioned revolving credit facility was 5.15% (2022: 1.74%). At 30 September 2023, the Company's financial assets and liabilities exposed to interest rate risk were as follows:

	2023		2022	
	WITHIN ONE YEAR £'000	MORE THAN ONE YEAR £'000	WITHIN ONE YEAR £'000	MORE THAN ONE YEAR £'000
<b>Exposure to floating rates:</b>				
<b>Assets</b>				
Cash and cash equivalents	17,426	–	7,835	–
<b>Liabilities</b>				
Creditors: amount falling due within one year – borrowings under the loan facility	–	–	(36,700)	–
Creditors: amount falling due after more than one year – borrowings under the loan facility	–	(36,700)	–	–
<b>Exposure to fixed rates:</b>				
<b>Assets</b>				
Investments at fair value through profit or loss <sup>#</sup>	392	–	367	–
<b>Liabilities</b>	–	–	–	–

<sup>#</sup> Celtic 6% cumulative convertible preference shares and Frostrow Capital LLP AIFM Capital Contribution.



## Currency Risk

The Financial Statements are presented in sterling, which is the functional and presentational currency of the Company.

At 30 September 2023, the Company's investments, with the exception of five, were priced in sterling. The five exceptions were: Heineken, listed in the Netherlands, Remy Cointreau listed in France, Manchester United, Cazoo and Mondelez, all of which are listed in the United States. The aggregate of these represents 17.9% of the portfolio.

The AIFM and the Portfolio Manager monitor the Company's exposure to foreign currencies on a continuous basis and regularly report to the Board. The Company does not hedge against foreign currency movements, but the Portfolio Manager takes account of the risk when making investment decisions.

Income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between its receipt and the time that the income is included in the Financial Statements.

## Foreign Currency Exposure

At 30 September 2023 the Company held £171,369,000 (2022: £181,124,000) of investments denominated in U.S. dollars and £156,737,000 (2022: £203,900,000) in euros.

## Currency Sensitivity

The following table details the sensitivity of the Company's return after taxation for the year to a 10% increase or decrease in the value of sterling compared with the U.S. dollar and euro (2022: 10% increase and decrease).

The analysis is based on the Company's foreign currency financial instruments held at each Statement of Financial Position date.

In addition to the foreign currency exposure on investments held at 30 September 2023, the Company also held £1,125,000 (2022: £4,039,000) in debtors denominated in U.S. dollars and £2,117,000 (2022: £1,766,000) denominated in Euros.

This level of sensitivity is considered to be reasonably possible based on observation of current market conditions and historical trends.

If sterling had weakened against the U.S. dollar and euro, as stated above, assuming all other variables remain constant, this would have had the following effect:

	2023 £'000	2022 £'000
Impact on revenue return	259	299
Impact on capital return	36,568	43,109
Total return after tax/increase in Shareholders' funds	36,827	43,408

If sterling had strengthened against the foreign currencies as stated above, assuming all other variables remain constant, this would have had the following effect:

	2023 £'000	2022 £'000
Impact on revenue return	(212)	(245)
Impact on capital return	(29,918)	(35,288)
Total return after tax/decrease in Shareholders' funds	(30,130)	(35,533)

## Credit Risk

Credit risk is the risk that the counterparty to a transaction fails to discharge its obligations under that transaction, which could result in the Company suffering a loss. Credit risk is managed as follows:

- Investment transactions are carried out only with brokers which are considered to have a high credit rating.
- Transactions are undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transactions entered into by the Company has delivered its obligation before any transfer of cash or securities away from the Company is completed.

## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

- Any failing trades in the market are closely monitored by both the AIFM and the Portfolio Manager.
- Cash is only held at banks that have been identified by the Board as reputable and of high credit quality.
- Bank of New York Mellon has a credit rating of Aa2 (Moody's) and AA- (Fitch).

At 30 September 2023, the exposure to credit risk was £21,814,000 (2022: £12,075,000), comprising:

	2023 £'000	2022 £'000
<b>Fixed assets:</b>		
Non-equity investments (preference shares)	267	242
<b>Current assets:</b>		
Other receivables (amounts due from brokers)	4,121	3,998
Cash and cash equivalents	17,426	7,835
Total exposure to credit risk	21,814	12,075

### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is not considered significant as the majority of the Company's assets are investments in quoted equities.

As at 30 September 2023 it is estimated that 97.5% of the investment portfolio could be realised within 30 days with 60.4% in seven days, based on current trading volumes.

### Liquidity risk exposure

	30 SEPTEMBER 2023 £'000	30 SEPTEMBER 2022 £'000
<b>FINANCIAL LIABILITIES COMPRISE:</b>		
<b>Due within one month:</b>		
Balances due to brokers in respect of portfolio trading – purchases	1,669	890
Amounts due to brokers in respect of shares repurchased by the Company	2,134	3,262
Accruals	1,063	1,075
Bank loan	–	36,700
<b>Due after three months and after one year:</b>		
Bank loan	36,700	–

### FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value or at a reasonable approximation of fair value.

### VALUATION OF FINANCIAL INSTRUMENTS

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the asset, noting that most of the Company's investments are quoted assets, which have been categorised as level 1 investments:

- Level 1 – quoted prices in active markets.
- Level 2 – prices of recent transactions for identical instruments.
- Level 3 – valuation techniques using observable and unobservable market data.

The financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

AS AT 30 SEPTEMBER 2023	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
Equity investments	1,832,668	–	–	1,832,668
Limited liability partnership interest (Frostrow)	–	–	3,600	3,600
Frostrow - AIFM capital contribution	–	–	125	125
Preference share investments	267	–	–	267
	1,832,935	–	3,725	1,836,660

AS AT 30 SEPTEMBER 2022	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
Equity investments	1,847,111	–	–	1,847,111
Limited liability partnership interest (Frostrow)	–	–	4,600	4,600
Frostrow - AIFM capital contribution	–	–	125	125
Preference share investments	242	–	–	242
	1,847,353	–	4,725	1,852,078

The unquoted investment in Frostrow has been re-valued by the Directors during the year, using two unobservable market data sources, being Frostrow's earnings and an agreed appropriate comparator multiple. This was the same methodology adopted to value Frostrow as at 30 September 2022.

There have been no transfers during the year between Levels 1 and 2. A reconciliation of fair value measurements in Level 3 is set out below.

### Level 3 Reconciliation of financial assets at fair value through profit or loss at 30 September

	2023 £'000	2022 £'000
Opening fair value	4,725	5,200
Frostrow - AIFM capital contribution (repayment)	–	(775)
Total (losses)/gains included in gains/(losses) on investments in the Income Statement	(1,000)	300
Closing fair value	3,725	4,725

If the earnings used in the valuation were to increase or decrease by 10% while all the other variables remained constant, the return and net costs attributable to Shareholders for the year ended 30 September 2023 would have increased/decreased by £360,000 (2022: £460,000, applying the same assumptions).

### CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The structure of the Company's capital is described in note 13 on page 86 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 74.

The Company's capital management objectives are:

- to ensure that it is able to continue as a going concern; and
- to achieve capital and income growth and to provide Shareholders with a total return in excess of that of the FTSE All-Share Index through an appropriate balance of equity and debt.

## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

The Board, with the assistance of the AIFM and the Portfolio Manager, regularly monitors and reviews the broad structure of the Company's capital. These reviews include:

- the level of gearing, set at a limit in normal market conditions, is not to exceed 25% of the Company's net assets, which takes account of the Company's position and the views of the Board, the AIFM and the Portfolio Manager on the market;
- the extent to which revenue reserves should be retained or utilised; and
- ensuring the Company's ability to continue as a going concern.

The Company's objectives, policies and procedures for managing capital are unchanged from last year.

There were no breaches by the Company during the year of the financial covenants put in place by Scotiabank Europe plc in respect of the committed revolving credit facility provided to the Company.

Apart from the covenant to ensure that the net asset value of the Company exceeds £750m (2022: £300m), the covenants are unchanged since last year and the Company has complied with them at all times.

## 18. Net Cash Inflow from Operating Activities

	2023 £'000	2022 £'000
Total return/(loss) before finance charges and taxation	132,109	(116,867)
(Deduct)/add: capital (gain)/loss before finance charges and taxation	(88,477)	163,912
Net revenue before finance charges and taxation	43,632	47,045
Decrease in accrued income and prepayments	2,235	81
Decrease in creditors	(18)	(68)
Taxation – overseas withholding tax paid	(1,109)	(917)
AIFM, portfolio management fees and other expenses charged to capital	(7,845)	(8,043)
Net cash inflow from operating activities	36,895	38,098

## 19. Substantial Interests

At 30 September 2023 the Company held interests in 3% or more of any class of capital in the following entities:

COMPANY OR LIMITED LIABILITY PARTNERSHIP	NUMBER OF SHARES HELD	2023 FAIR VALUE £'000	% OF ISSUED SHARE CAPITAL OR LIMITED LIABILITY PARTNERSHIP INTEREST
A. G. Barr	4,420,000	21,702	4.0
Frostrow Capital LLP (unquoted)†	–	3,725	9.8
Manchester United	2,305,000	37,334	4.4
The Lindsell Train Investment Trust plc*	10,000	8,760	5.0

† Includes Frostrow Capital LLP's AIFM Capital Contribution, fair value £125,000.

\* Also managed by Lindsell Train Limited which receives a portfolio management fee based on the Company's market capitalisation. The details of the fee arrangements with the Company can be found on page 37.

## 20. Post Balance Sheet Events

During the period from 1 October 2023 to 5 December 2023, a further 5,045,317 shares were bought back and held in Treasury at a cost of £41,531,000.

## FURTHER INFORMATION

# Glossary of Terms and Alternative Performance Measures

## ACTIVE SHARE (APM)

Active Share is expressed as a percentage and shows the extent to which a fund's holdings and their weightings differ from those of the fund's benchmark index. A fund that closely tracks its index might have a low Active Share of less than 20% and be considered passive, while a fund with an Active Share of 60% or higher is generally considered to be actively managed. The Company has a distinctive strategy: a concentrated portfolio of holdings invested across a small number of sectors and themes. Active Share helps quantify the extent to which the portfolio differs from the benchmark index.

The Active Share performance is sourced from Morningstar.

## AIC

Association of Investment Companies. The AIC represents a broad range of investment companies, investment trusts, VCTs and other closed-ended funds.

## ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (AIFMD)

Agreed by the European Parliament and the Council of the European Union and transposed into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds (AIFs) and requires them to appoint an Alternative Investment Fund Manager (AIFM) and depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to Shareholders.

## ALTERNATIVE PERFORMANCE MEASURE ("APM")

An Alternative Performance Measure (APM) is a numerical measure of the Company's current, historical or future financial performance, financial position or cash flows other than a financial measure defined or specified in the applicable financial framework. In selecting these Alternative Performance Measures, the Directors considered the key objectives and expectations of typical investors and believe that each APM gives the reader useful and relevant information in judging the Company's performance and in comparing other investment companies.

## BENCHMARK RETURN

Total return on the benchmark, assuming that all dividends received were re-invested, without transaction costs, into the shares of the underlying companies at the time the shares were quoted ex-dividend.

## CHIEF OPERATING DECISION MAKER

The Chief Operating Decision Maker of the Company is considered to be the Board of Directors. It is a Generally Accepted Accounting Principal (GAAP) requirement to disclose who the chief operating decision maker is.

## DISCOUNT OR PREMIUM (APM)

A description of the difference between the share price and the net asset value per share. The size of the discount or premium is calculated by subtracting the share price from the net asset value per share and is expressed as a percentage (%) of the net asset value per share. If the share price is higher than the net asset value per share the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount. The Board regularly reviews the level of the discount/premium of the Company's share price to the net asset value per share and considers ways in which share price performance may be enhanced, including the effectiveness of share buy-backs, where appropriate.

DISCOUNT OR PREMIUM (APM)	PAGE	30 SEPTEMBER 2023	30 SEPTEMBER 2022
Share price (p)	2	852.0	800.0
Net asset value per share (p)	2	891.2	848.4
Discount	2 and 5	4.4%	5.7%



## FURTHER INFORMATION

### GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES – CONTINUED

#### FTSE DISCLAIMER

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#### GEARING (APM)

Gearing represents prior charges, adjusted for net current assets, expressed as a percentage of net assets (AIC methodology). The Directors believe that it is appropriate to show net gearing in relation to Shareholders’ funds as it represents the amount of debt funding on the investment portfolio. The gearing policy is that borrowing will not exceed 25% of the Company’s net assets. Prior charges includes all loans and bank overdrafts for investment purposes.

	PAGE	30 SEPTEMBER 2023 £'000	30 SEPTEMBER 2022 £'000
Bank loan (prior charges)	75	(36,700)	(36,700)
Net current assets		22,769	15,006
Bank loan adjusted for net current assets		(13,931)	(21,694)
Net assets	75	1,822,729	1,830,384
Gearing	3	0.8%	1.2%

#### THE INSTITUTIONAL INVESTORS GROUP ON CLIMATE CHANGE (“IIGCC”)

IIGCC membership enables organisations to ensure that they are part of the solution to climate change.

#### THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (“IPCC”)

The IPCC is the United Nations body for assessing the science related to climate change.

#### NET ZERO ASSET MANAGERS INITIATIVE (“NZAM”)

The Net Zero Asset Managers initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner.

#### NET ASSET VALUE (“NAV”)

The value of the Company’s assets, principally investments made in other companies and cash being held, less any liabilities. The NAV is also described as “Shareholders’ funds”. The NAV is often expressed in pence per share after being divided by the number of shares that have been issued. The NAV per share is unlikely to be the same as the share price which is the price at which the Company’s shares can be bought or sold by an investor. The share price is determined by the relationship between the demand and supply of the shares.

## NET ASSET VALUE TOTAL RETURN PER SHARE (APM)

The theoretical total return on an investment over a specified period assuming dividends paid to Shareholders were reinvested at net asset value per share at the time the shares were quoted ex-dividend. This is a way of measuring investment management performance of investment companies which is not affected by movements in discounts or premiums. The Directors regard the Company's net asset value total return per share as being the overall measure of value delivered to Shareholders over the long term. The Board considers the principal comparator to be its benchmark, the FTSE All-Share Index.

NAV TOTAL RETURN	PAGE	30 SEPTEMBER 2023	30 SEPTEMBER 2022
Opening NAV per share (p)	2	848.4	917.7
Increase/(decrease) in NAV per share (p)		42.8	(69.3)
Closing NAV per share (p)	2	891.2	848.4
Increase/(decrease) in NAV per share		5.0%	(7.6)%
Impact of dividends re-invested*		+2.2%	+1.8%
NAV per share total return	2, 3 and 4	7.2%	(5.8)%

\* The NAV total return is calculated on the assumption that the total dividends of 18.3p (2022: 17.4p) paid by the Company during the year were reinvested into assets of the Company at the NAV per share at the ex-dividend date. The Treasury shares held by the Company have been excluded from this calculation.

The source of this data is Morningstar who have calculated the return on an industry comparative basis.

## ONGOING CHARGES FIGURE (APM)

Ongoing charges are calculated by taking the Company's annualised operating expenses expressed as a proportion of the average daily net asset value of the Company over the year. The costs of buying and selling investments are excluded, as are interest costs, taxation, cost of buying back or issuing ordinary shares and other non-recurring costs. Ongoing charges represent the costs that Shareholders can reasonably expect to pay from one year to the next, under normal circumstances.

	PAGE	30 SEPTEMBER 2023 £'000	30 SEPTEMBER 2022 £'000
AIFM and portfolio management fees	80	10,437	10,712
Operating expenses ( <i>excluding finance costs</i> )	81	1,167	1,078
Total expenses		11,604	11,790
Average net assets during the year		1,907,121	1,973,934
Ongoing charges figure ( <i>excluding finance costs</i> )	3	0.61%	0.60%

## OTHER COST RATIOS

The total ongoing costs as described in the Company's latest Key Information Document ("KID") is 0.72%. This represents the impact of the costs that are incurred each year for the running of the Company including the impact of the finance costs (0.11%).

## THE PARIS AGREEMENT

The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.

## FURTHER INFORMATION

### GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES – CONTINUED

#### THE PARIS ALIGNED INVESTMENT INITIATIVE (“PAII”)

The PAII was launched by the Institutional Investors Group on Climate Change (“IIGCC”) in Europe in May 2019, to explore how investors can align their portfolios with the goals of the Paris Agreement.

#### PEER GROUP

Finsbury Growth & Income Trust PLC is part of the AIC’s UK Equity Income sector. The trusts in this universe are defined as trusts whose investment objective is to achieve a total return for Shareholders through both capital and dividend growth.

#### REVERSE STRESS TEST

Reverse stress tests are stress tests that identify scenarios and circumstances which would make a business unworkable and identify potential business vulnerabilities.

#### SASB

The Sustainability Accounting Standards Board (“SASB”) aims to establish industry-specific disclosure standards across ESG topics that facilitate communication between companies and investors about financially material, information that is useful for decision-making.

#### SHARE PRICE TOTAL RETURN (APM)

The change in capital value of a company’s shares over a given period, plus dividends paid to Shareholders, expressed as a percentage of the opening value. The assumption is that dividends paid to Shareholders are re-invested in the shares at the time the shares are quoted ex-dividend. The Directors regard the Company’s share price total return to be a key indicator of performance. This reflects share price growth of the Company which the Board recognises is important to investors.

SHARE PRICE TOTAL RETURN	PAGE	30 SEPTEMBER 2023	30 SEPTEMBER 2022
Opening share price share (p)	2	800.0	876.0
Increase/(decrease) in share price (p)		52.0	(76.0)
Closing share price (p)	2	852.0	800.0
Increase/(decrease) in share price	2	6.5%	(8.7)%
Impact of dividends re-invested*		+1.0%	+3.1%
Share price total return	2 and 5	7.5%	(5.6)%

\* The share price total return is calculated on the assumption that the total dividends of 18.3p (2022: 17.4p) paid during the year were reinvested into shares of the Company at the share price at the ex-dividend date.

The source is Morningstar who have calculated the return on an industry comparative basis.

#### STERLING OVERNIGHT INDEX AVERAGE (“SONIA”)

SONIA is an interest rate published by the Bank of England. SONIA can be seen as the average interest rate at which a selection of financial institutions lend to one another in British pound sterling (GBP) with a maturity of 1 day (overnight).

#### STRESS TESTING

Stress testing is a forward-looking analysis technique that considers the impact of a variety of extreme but plausible economic scenarios on the financial position of the Company.

## TCFD

The Financial Stability Board created the Task Force on Climate-related Financial Disclosures ("TCFD") to improve and increase reporting of climate-related financial information.

## TREASURY SHARES

Shares previously issued by a company that have been bought back from Shareholders to be held by the company for potential sale or cancellation at a later date. Such shares are not capable of being voted and carry no rights to dividends.

## FURTHER INFORMATION

# Company Information

### Share Prices

The Company's ordinary shares are listed on the London Stock Exchange under 'Investment Companies'.

### Daily Net Asset Value per share

The daily net asset value per share of the Company's shares can be obtained on the Company's website [www.finsburygt.com](http://www.finsburygt.com) and is published daily via the London Stock Exchange.

### Registered Office

50 Lothian Road  
Festival Square  
Edinburgh EH3 9WJ

Incorporated in Scotland with company no. SC013958 and registered as an investment company under Section 833 of the Companies Act 2006.

### AIFM, Company Secretary and Administrator

Frostrow Capital LLP  
25 Southampton Buildings  
London WC2A 1AL  
Telephone: 020 3008 4910  
Email: [info@frostrow.com](mailto:info@frostrow.com)  
Website: [www.frostrow.com](http://www.frostrow.com)

*Authorised and regulated by the Financial Conduct Authority.*

### Portfolio Manager

Lindsell Train Limited  
3rd Floor  
66 Buckingham Gate  
London SW1E 6AU  
Telephone: 020 7808 1225  
Website: [www.lindselltrain.com](http://www.lindselltrain.com)

*Authorised and regulated by the Financial Conduct Authority.*

### Independent Auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

### Depository

The Bank of New York Mellon (International) Limited  
160 Queen Victoria Street  
London EC4V 4LA

### Global Custodian

Bank of New York Mellon  
160 Queen Victoria Street  
London EC4V 4LA

### ISA STATUS

The Company's shares are eligible for Individual Savings Accounts ("ISAs") and for Junior ISAs.

### Registrars

If you have any queries in relation to your shareholding please contact:

Link Group  
Central Square  
29 Wellington Street  
Leeds LS1 4DL  
Email: [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk)  
Telephone +44 (0)371 664 0300  
Website: [www.linkgroup.eu](http://www.linkgroup.eu)

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 and 17:30, Monday to Friday excluding public holidays in England and Wales.

### Share Portal

If you hold your shares directly you can register online to view your holdings using the Share Portal, a service offered by Link Group [www.signalshares.com](http://www.signalshares.com).

The Share Portal is an online service enabling you to quickly and easily access and maintain your shareholding online – reducing the need for paperwork and providing 24 hour access to your shareholding details.

Details of how Shareholders who hold their shares on retail platforms can vote can be found on pages 11 to 13 of the Notice of Meeting.

### Corporate Broker

Winterflood Securities Limited  
The Atrium Building  
Cannon Bridge  
25 Dowgate Hill  
London EC4R 2GA

### Identification Codes

Shares:	SEDOL:	0781606
	ISIN:	GB0007816068
	BLOOMBERG:	FGT LN
	EPIC:	FGT

### Legal Entity Identifier (LEI)

213800NN4ZKX2LGIGQ40

### Global Intermediary Identification Number (GIIN)

QH4BH0.99999.SL.826

### Disability Act

Copies of this Annual Report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Link Asset Services, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator. For this service please call 0800 731 1888. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by The Royal National Institute for Deaf People) you should dial 18001 from your textphone followed by the number you wish to dial.



## Warning to Shareholders:

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Many companies have become aware that their Shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK Shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Link Asset Services, would make unsolicited telephone calls to Shareholders. Such calls would relate only to official documentation already circulated to Shareholders and never in respect of investment 'advice'.

Shareholders who suspect they may have been approached by fraudsters should advise the Financial Conduct Authority ("FCA") using the share fraud report form at [www.fca.org.uk/scams](http://www.fca.org.uk/scams) or call the FCA Customer Helpline on 0800 111 6768. You may also wish to call either the Company Secretary or the Registrar whose contact details can be found on page 98.



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