

FINSBURY GROWTH & INCOME TRUST

February 2005

All data as at 28th Feb 2005

Fund Objective

Finsbury Growth & Income Trust invests in UK company shares with the objective of achieving capital and income growth and providing a total return in excess of that of the FTSE All-Share Index.

Fund Breakdown

Top 10 Holdings	% Gross	% NAV	Industry Breakdown	% Gross	% NAV
HBOS (Ord & Pref)	14.5	17.4	Consumer Branded Goods	34.2	40.9
Cadbury Schweppes	7.8	9.4	Technology/Media	21.0	25.1
Wolverhampton & Dudley	7.4	8.8	Financial Services	21.9	26.2
AG Barr	7.4	8.8	Preference Shares	15.4	18.4
Diageo	7.0	8.3	Energy	5.4	6.5
Lloyds TSB	5.8	7.0	Industrials	1.5	1.8
Reuters	5.6	6.7	Other	0.6	0.7
Shell Transport & Trading	5.4	6.5	Total	100.0	119.6
Bradford & Bingley	4.4	5.3			
Reed Elsevier	4.4	5.2			
					£
			Total Investments	a	109.3mn
			Net Cash	b	(1.1mn)
			Borrowings	c	(17.5mn)
			Net Assets (a+b+c)	d	91.2mn
			Gearing ((a-d)/d)		19.8%

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	2.9	15.5	99.9	1.3	-	119.6
Other %	-	-	-	-	-	-
Total %	2.9	15.5	99.9	1.3	-	119.6

Fund Performance

Past performance is not a guide to future performance. The price of units and the income from them may go down as well as up. Investors may not get back what they invested.

5 Year History (Jan-Dec)	2001	2002	2003	2004	YTD 2005
FGT NAV %	-10.9	-22.0	+23.7	+33.2	+3.5
FGT Price %	-9.7	-23.9	+28.5	+46.8	+9.6
FTSE All Share %	-13.3	-23.2	+22.0	+14.1	+4.0

Source: S&P Micropal. Based in GBP with dividends reinvested, unadjusted. LTL was appointed to FG&IT in Dec 2000.

2004	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE 2004
NAV %	+3.4	+3.1	-1.4	+1.9	+0.2	+2.3	-3.8	+2.8	+5.0	+3.3	+1.3	+9.8	+33.2
Price %	+7.5	+3.5	-0.3	+3.5	+0.1	+3.3	-4.5	+3.9	+6.8	+2.6	+2.7	+8.3	+46.8
Since Appointment NAV %	-11.4	-8.7	-10.0	-8.2	-8.1	-6.0	-9.5	-7.0	-2.4	+0.9	+2.2	+12.2	
Since Appointment Price %	-5.4	-2.1	-2.4	+1.1	+1.2	+4.5	-0.2	+3.7	+10.7	+13.6	+16.6	+26.2	
2005	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2005
NAV %	+1.3	+2.2											+3.5
Price %	+5.8	+3.6											+9.6
Since Appointment NAV %	+13.7	+16.2											
Since Appointment Price %	+33.6	+38.4											

Source: S&P Micropal. Based in GBP with dividends reinvested, unadjusted. LTL was appointed to FG&IT in Dec 2000.

Market Capitalisation	£ 93.4mn
Net Asset Value[▲]	£ 2.3724
Share Price[▲]	£ 2.4450
Premium (Discount)	(3.1%)
Gross Yield	2.0%

Source: Bloomberg and [▲]Close Finsbury AM

Fund Manager:	Nick Train
Launch Date:	1926
Denominated Currency:	Sterling
Year End:	30th September
Dividend:	
<i>Interim:</i>	Ex-Date - June Payable - June
<i>Final:</i>	Ex-Date - November Payable - January
Benchmark:	FTSE All Share Index (net dividends reinvested)
Investment Trust Sector:	UK Growth & Income
Annual Mgmt Fee:	0.65% of average market capitalisation
Performance Fees:	15% of any increase in Trust's mkt capitalisation in any year, subject to an absolute return hurdle being the sum of the increase in the Retail Price Index in the year plus 6%. Total fee payable capped 1.25% of average market capitalisation.
The Board:	MAF Reeve JP Allard VE Renwick GWB Warman
ISIN:	GB0007816068
Bloomberg:	FGT LN
Listing:	London Stock Exchange

Fund Manager's Comments

Lots of relevant results in February. Those from our major holdings were satisfactory, to our eyes. Highlights were Cadbury, where the company's positive outlook pleasantly surprised investors. We believe that cash generation at Cadbury is accelerating and that it will soon enough pay down the debt it took on to pay for Adams, an acquisition that is looking ever more inspired. Reuters, too, was more optimistic than expected and the company is talking about entering a "growth" phase. If it does, then its shares are materially too cheap, in our opinion. Diageo pushed its interim dividend up 7.0%, rather more than it had indicated six months ago and the share price advanced accordingly. Diageo has also resumed its share buyback programme, so far retiring 5 million shares in 2005, at prices which we think are highly accretive to non-selling shareholders. Reed Elsevier's results gave us special pleasure, because these too were significantly better than expected, including a 10.0% dividend hike and a statement that promised strong revenue and earnings growth in future years. Reed's share price is now up 14.0% in 2005, which is welcome as a key holding in your Trust and a poke in the eye for the bears of the business, who have damned it with faint praise over the last 18 months.

Bradford & Bingley's report was less sparkling, with the business retrenching after an acquisition spree that, in hindsight, was ill-conceived (and that we supported). Nonetheless, the bank's capital ratios are robust, bad debts are low and the dividend increased by more than the rate of inflation. We are conscious that B&B is peculiarly exposed to the fate of the UK housing market and, as a result bears very careful watching. Currently, we think the chances of consolidation in the UK banking sector are good and that B&B is an obvious target. However, we will be ruthless if the business deteriorates.

No results, but a comment about A.G Barr's amazing performance in 2005. As we write, the shares are up 17.0% and have thereby made a material contribution to this year's return. Barr's stock can no longer be regarded as a "value" opportunity, however, valued at little more than 1.0x its annual sales, we do not regard the company as being fundamentally overvalued.

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