Winner Investment Trusts Magazine
Best Growth & Income Trust 2004

Finsbury Growth & Income Trust

March 2005

All data as at 31st Mar 2005

Market Capitalisation	£ 90.4mn
Net Asset Value▲	£ 2.3646
Share Price▲	£ 2.3500
Premium (Discount)	(0.6%)
Gross Yield	2.1%

Source: Bloomberg and ▲Close Finsbury AM

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*
HBOS (Ord & Pref)	14.3	17.3
Cadbury Schweppes	8.1	9.8
Wolverhampton & Dudley	7.8	9.5
AG Barr	7.5	9.0
Diageo	7.0	8.4
Lloyds TSB	5.7	6.8
Shell Transport & Trading	5.3	6.4
Reuters	5.1	6.1
Reed Elsevier	4.5	5.4
Bradford & Bingley	4.2	5.1

Industry Breakdown	*% Gross*	*% NAV*
Consumer Branded Goods	35.0	42.2
Technology/Media	21.3	25.7
Financial Services	21.0	25.3
Preference Shares	15.4	18.6
Energy	5.3	6.4
Industrials	1.5	1.8
Other	0.6	0.7
Total	**100.0**	**120.5**

		£
Total Investments	a	109.3mn
Net Cash	b	(1.1mn)
Borrowings	c	(17.5mn)
Net Assets (a+b+c)	d	**90.7mn**
Gearing ((a-d)/d)		20.5%

Fund Exposure	*Bonds*	*Prefs*	*Equity*	*Funds*	*Cash*	*Total*
UK %	3.1	15.5	100.7	1.2	-	**120.5**
Other %	-	-	-	-	-	**-**
Total %	**3.1**	**15.5**	**100.7**	**1.2**	**-**	**120.5**

Fund Manager:	Nick Train
Launch Date:	1926
Denominated Currency:	Sterling
Year End:	30th September
Dividend:	
Interim:	Ex-Date - June Payable - June
Final:	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 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	+4.9
FGT Price %	-9.7	-23.9	+28.5	+46.8	+7.2
FTSE All Share %	-13.3	-23.2	+22.0	+14.1	+3.0

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	+1.4										**+4.9**
Price %	+5.8	+3.6	-2.3										**+7.2**
Since Appointment NAV %	+13.7	+16.2	+17.8										
Since Appointment Price %	+33.6	+38.4	+35.3										

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

FINSBURY GROWTH & INCOME TRUST

All data as at 31st Mar 2005

Fund Manager's Comments

Your Trust has made modest but positive progress in NAV terms during the first quarter of 2005, in absolute and relative terms. The NAV gain of c2.5%, before income, is roughly 0.5% ahead of its benchmark, the FT All-Share Index. While the outperformance is neither here nor there and, candidly, is not an issue that influences our investment thinking, the absolute return is not as trivial as it looks - if annualised it would imply a 10.0% capital gain for the year, before any dividends, which themselves should increase markedly for shareholders in 2004/5. Such an outcome would be most satisfactory, we believe, relative to UK inflation and interest rates, which remain low.

Reviewing the contributions to performance over the quarter, we would first highlight the negative impact of the two or three "takeover" situations within the Trust. These are longstanding holdings where takeover approaches have pushed up prices, to the Trust's benefit, but where final crystallisation of value is still awaited, leaving the shares "dead money" for an interim period. Manchester United, London Stock Exchange and Instinet (this last a tiny holding, associated with the position in Reuters) are the companies in question. We expect each of these three to be resolved at some point in 2005, at better prices than today's. Our bank holdings, too, have detracted from capital value during the quarter. However, this ignores the dividends we have earned from each of the bank holdings, which are considerable. We remain enthusiastic holders of HBOS and Lloyds. On the plus side, though, the quarter saw encouraging gains in some key positions. Most notably, A.G. Barr gained 15.0% over the three months and has very recently reported good final results, accompanied by a 13.0% dividend increase. We were pleased too by the double digit share price gains for Cadbury Schweppes and Reed Elsevier, which had been no better than steady investments in recent quarters. The preference shares continue to add value for investors, with, for instance, a 5.0% gain on our holding in the Warburg preference shares and, effectively, a dividend increase of 6.0% for our largest holding here, the Halifax 6.125%, which HBOS has offered to turn into an identical HBOS instrument, but with a higher coupon. With inflation so low, we expect preference shares to continue to deliver attractive real returns.

Investment Manager:

Close Finsbury Asset Management
10 Crown Place
London EC2A 4FT

Freephone Helpline 0800 169 6968
Fax 020 7247 4722
www.CloseFinsbury.com
info@CloseFinsbury.com

Discretionary Investment Advisor:

Lindsell Train Limited
35 Thurloe Street
London SW7 2LQ

Phone: +44 20 7225 6400
Fax: +44 20 7225 6499
www.LindsellTrain.com
enquiry@LindsellTrain.com

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