

FINSBURY GROWTH & INCOME TRUST

May 2005

All data as at 31st May 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	16.8	Consumer Branded Goods	34.7	40.3
Cadbury Schweppes	8.2	9.5	Technology/Media	21.6	25.1
Diageo	7.4	8.6	Financial Services	21.1	24.4
AG Barr	7.2	8.4	Preference Shares	15.9	18.4
Wolverhampton & Dudley	7.2	8.4	Energy	4.9	5.7
Lloyds TSB	5.7	6.7	Industrials	1.2	1.4
Shell Transport & Trading	4.9	5.7	Other	0.5	0.6
Reed Elsevier	4.9	5.7	Total	100.0	115.9
Reuters	4.6	5.3			
Sage Group	4.3	5.0			
					£
			Total Investments	a	119.4mn
			Net Cash	b	1.1mn
			Borrowings	c	(17.5mn)
			Net Assets (a+b+c)	d	103.0mn
			Gearing ((a-d)/d)		15.9%

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	2.8	15.7	96.4	1.1	-	115.9
Other %	-	-	-	-	-	-
Total %	2.8	15.7	96.4	1.1	-	115.9

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	+6.2
FGT Price %	-9.7	-23.9	+28.5	+46.8	+11.5
FTSE All Share %	-13.3	-23.2	+22.0	+14.1	+4.6

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	-2.7	+4.1								+6.2
Price %	+5.8	+3.6	-2.3	+0.3	+3.7								+11.5
Since Appointment NAV %	+13.7	+16.2	+17.8	+14.6	+19.2								
Since Appointment Price %	+33.6	+38.4	+35.3	+35.7	+40.7								

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

Market Capitalisation	£ 105.0mn
Net Asset Value[▲]	£ 2.3992
Share Price[▲]	£ 2.4450
Premium (Discount)	1.9%
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

The FT-All Share recovered 3.6% in May, outstripped by your company's NAV, which rose 4.1%. The Trust is ahead of the market average by c1.0% since the start of the financial year. This is unremarkable performance, but still welcome after the strong relative gains of 2004.

It is hard to identify common themes in our return for May. The outperformance derives from a number of one-off events. Most notable, perhaps, was the 15.0% gain in the price of Manchester United, on eventual confirmation of a full bid at £3.00 per share. MNU has, on this basis, been a successful investment for your company, with a gain on book cost of some 80.0%. However, we are sorry to lose our holding and believe that the new owner is likely to have acquired a wonderful asset at what could be only a moderate price. Nonetheless, it will take change in the football industry and time for this undervaluation to become apparent and we have no appetite to be a minority shareholder in what will soon be a private company. The value put on MNU confirms, to our mind, the strategic worth of sports media rights and other associated entertainment "content". When we can access such "content" on reasonable terms, we will do so. Another gainer in May was Sage, which rose 10.0%, after a set of results that pleased investors, especially the 50.0% uplift in the interim dividend. Sage is an important holding for the Trust, at nearly 5.0% of net assets and we think that the company has far more growth ahead of it, in selling software services to its current base of 4 million small companies worldwide, than the share rating gives credit for. Young's Brewery advanced nearly 9.0% in the month and has gained over 40.0% so far in 2005, on satisfactory results, but also speculation about the value of surplus property on its books. Young's is not only my favourite beer, it has turned out a terrific investment for the Trust. The shares have nearly trebled and we earn a net dividend yield of a fraction under 5.0% (significantly higher than a gilt) on our book cost.

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All data as at 31st May 2005

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