

FINSBURY GROWTH & INCOME TRUST

June 2005

All data as at 30th Jun 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)	15.0	17.0	Consumer Branded Goods	34.8	39.5
Cadbury Schweppes	7.8	8.9	Technology/Media	22.8	25.8
Diageo	7.7	8.7	Financial Services	18.9	21.4
AG Barr	7.4	8.4	Preference Shares	16.5	18.7
Wolverhampton & Dudley	7.3	8.3	Energy	5.4	6.1
Lloyds TSB	5.8	6.5	Industrials	1.2	1.3
Shell Transport & Trading	5.4	6.1	Other	0.5	0.6
Sage Group	4.8	5.5	Total	100.0	113.4
Reed Elsevier	4.8	5.4			
Reuters	4.6	5.2			
					£
			Total Investments	a	123.1
			Net Cash	b	3.0
			Borrowings	c	(17.5mn)
			Net Assets (a+b+c)	d	108.7
			Gearing ((a-d)/d)		13.4%

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	2.8	15.9	93.5	1.2	-	113.4
Other %	-	-	-	-	-	-
Total %	2.8	15.9	93.5	1.2	-	113.4

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	+9.7
FGT Price %	-9.7	-23.9	+28.5	+46.8	+15.5
FTSE All Share %	-13.3	-23.2	+22.0	+14.1	+8.2

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	+3.3							+9.7
Price %	+5.8	+3.6	-2.3	+0.3	+3.7	+3.6							+15.5
Since Appointment NAV %	+13.7	+16.2	+17.8	+14.6	+19.2	+23.2							
Since Appointment Price %	+33.6	+38.4	+35.3	+35.7	+40.7	+45.8							

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

Market Capitalisation	£ 111.2mn
Net Asset Value[▲]	£ 2.4737
Share Price[▲]	£ 2.5325
Premium (Discount)	2.4%
Gross Yield	1.9%

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 ended the second quarter strongly, registering a gain of just over 6.0%, before income, for the first half of the financial year. Meanwhile your Company's NAV was up 7.8% for the same period. The market has benefited from a most favourable set of circumstances in 2005 – dividend growth has exceeded 10.0%, merger activity has been strong, weakness in UK consumer spending has aroused hopes for a cut in interest rates and this same hope has caused Sterling to weaken against the US Dollar. The currency shift enhances the value of US Dollar denominated earnings, dividends and assets and is a big plus for "big-cap", international companies in the FTSE. We believe Dollar-earners have still to respond fully to Sterling weakness and, in particular, have been adding to our holding in Pearson, which earns a very high proportion of its profits in Dollars and has, therefore, been under something of a cloud for the duration of the Dollar bear market. In addition, Pearson offers a dividend yield 20.0% above the average and a newly clean balance sheet, after the disposal of some valuable, but non-core, assets. Meanwhile, we have long believed that Pearson's education and Financial Times businesses are being undervalued by investors.

One possible adverse trend for the market and for your Company is the galloping oil price. Clearly there will be a price at which oil becomes too dear and inflicts serious damage on consumer confidence. We own a major position in Shell, which has done well since its reserving scandal. However, we have incorrectly sold, or just never owned, other oil and commodity companies. We are uncomfortable about making long term investments in companies whose fortunes depend on factors we cannot predict, such as the price of various commodities or the success or failure of drilling programmes. We are unlikely, therefore, to build exposure to metals or oil stocks now. Shareholders who take a different view – particularly those bullish on minerals and bearish on everything else (and this is a consistent position to adopt) should take note. Note also, though, that one effect of a rising oil price so far, has been to cause a decline in inflation expectations across the UK economy as a whole. Such a decline is very positive for our holdings in preference shares, which have indeed been appreciating of late.

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All data as at 30th Jun 2005

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