

# FINSBURY GROWTH & INCOME TRUST

September 2005

All data as at 30th Sep 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)	14.4	16.8	Consumer Branded Goods	33.6	39.4
Diageo	8.0	9.3	Financial Services	23.9	28.0
Cadbury Schweppes	7.8	9.1	Technology/Media	20.1	23.6
Wolverhampton & Dudley	6.9	8.1	Preference Shares	15.7	18.4
AG Barr	6.4	7.5	Energy	5.1	6.0
Lloyds TSB	5.4	6.4	Industrials	1.1	1.3
Royal Dutch Shell	5.1	6.0	Other	0.5	0.6
Sage Group	4.7	5.5	<b>Total</b>	<b>100.0</b>	<b>117.2</b>
Reed Elsevier	4.4	5.1			
Reuters	4.0	4.7			
					<b>£</b>
			Total Investments	a	133.8
			Net Cash	b	(2.1)
			Borrowings	c	(17.5mn)
			<b>Net Assets (a+b+c)</b>	d	<b>114.2</b>
			Gearing ((a-d)/d)		17.2%

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	2.6	15.8	97.7	1.1	-	<b>117.2</b>
Other %	-	-	-	-	-	-
<b>Total %</b>	<b>2.6</b>	<b>15.8</b>	<b>97.7</b>	<b>1.1</b>	<b>-</b>	<b>117.2</b>

## 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	+14.1
FGT Price %	-9.7	-23.9	+28.5	+46.8	+19.9
FTSE All Share %	-13.3	-23.2	+22.0	+14.1	+16.4

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	<b>+33.2</b>
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	<b>+46.8</b>
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	+0.0	+0.5	+3.4				<b>+14.1</b>
Price %	+5.8	+3.6	-2.3	+0.3	+3.7	+3.6	-0.7	+0.6	+3.9				<b>+19.9</b>
Since Appointment NAV %	+13.7	+16.2	+17.8	+14.6	+19.2	+23.2	+23.2	+23.9	+28.1				
Since Appointment Price %	+33.6	+38.4	+35.3	+35.7	+40.7	+45.8	+44.8	+45.6	+51.4				

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

<b>Market Capitalisation</b>	£ 117.0mn
<b>Net Asset Value<sup>^</sup></b>	£ 2.5413
<b>Share Price<sup>^</sup></b>	£ 2.6025
<b>Premium (Discount)</b>	2.4%
<b>Gross Yield</b>	1.9%

Source: Bloomberg and <sup>^</sup>Close Finsbury AM

<b>Fund Manager:</b>	Nick Train
<b>Launch Date:</b>	1926
<b>Denominated Currency:</b>	Sterling
<b>Year End:</b>	30th September
<b>Dividend:</b>	
<i>Interim:</i>	Ex-Date - June Payable - June
<i>Final:</i>	Ex-Date - November Payable - January
<b>Benchmark:</b>	FTSE All Share Index (net dividends reinvested)
<b>Investment Trust Sector:</b>	UK Growth & Income
<b>Annual Mgmt Fee:</b>	0.65% of average market capitalisation
<b>Performance Fees:</b>	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.
<b>The Board:</b>	MAF Reeve JP Allard VE Renwick GWB Warman
<b>ISIN:</b>	GB0007816068
<b>Bloomberg:</b>	FGT LN
<b>Listing:</b>	London Stock Exchange

## Fund Manager's Comments

September was the third consecutive month of underperformance for your Trust, with an NAV gain of 2.2%, compared to the 3.2% of the FT All-Share, making for a poor third quarter. Your Trust has outperformed the market in each of the last four years, to a greater or lesser extent, but the NAV will need to go a bit between now and December 31st for us to claim a fifth.

In truth, we are not too fussed about short term relative performance, concentrating instead on constructing a portfolio of what we believe to be outstanding, undervalued business, which we expect to create wealth for our shareholders over the long term. To our mind, the most important short term measure of the health of the portfolio are the dividend increases announced by its constituents, rather than which shares are in or out of favour with other investors over any given quarter. And so far as dividends are concerned, we were happy with those declared this month. In particular, Diageo's 7.0% increase in its final was crucial for the Trust, because the £238,420 involved ensured that the Trust's own forecast dividend can be met, to be paid out of revenue, not reserves. Your shares went "XD" in September a second interim dividend of 4.0p, making 8.0p for the year, an increase of nearly 36.0%. Other September dividend announcements - A.G. Barr's 5.4% and Rathbone's 9.5% - give an idea of what kind of income growth may be possible for the Trust's 2005/6 financial year. Barr's share price has weakened after its interim results, although it is still up 14.7% since January 1st. We understand why some investors are tempted to take profits in Barr, after its great run in recent years, but believe they are wrong to do so. This highly conservative company generates more cash than it currently knows what to do with and has a cash pile of c£34.0 million, or 20.0% of its current stock market value. There will be opportunities to deploy this capital advantageously for shareholders, perhaps in the aftermath of Cadbury's sale of its European soft drinks brands. Meanwhile, Barr's key property, IRN BRU saw its sales rise 5.0% over the last six months, in comparison to a decline in non-cola carbonate volumes for the rest of the industry. IRN BRU is a very valuable brand and becoming more so.

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*All data as at 30th Sep 2005*

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