

FINSBURY GROWTH & INCOME TRUST

December 2005

All data as at 31st Dec 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)	14.2	16.5	Consumer Branded Goods	31.7	36.7
Diageo	7.6	8.9	Financial Services	25.2	29.2
Cadbury Schweppes	6.9	8.0	Technology/Media	22.2	25.8
Wolverhampton & Dudley	6.8	7.9	Preference Shares	14.8	17.1
AG Barr	5.7	6.7	Energy	4.4	5.1
Lloyds TSB	5.3	6.2	Industrials	1.3	1.5
Sage Group	4.9	5.7	Other	0.4	0.5
Royal Dutch Shell	4.4	5.1	Total	100.0	116.0
Reed Elsevier	4.3	5.0			
Reuters	4.3	5.0			
					£
			Total Investments	a	146.5
			Net Cash	b	(2.7)
			Borrowings	c	(17.5mn)
			Net Assets (a+b+c)	d	126.44
			Gearing ((a-d)/d)		16.0%

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	2.5	14.6	97.8	1.0	-	116.0
Other %	-	-	-	-	-	-
Total %	2.5	14.6	97.8	1.0	-	116.0

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	2005
FGT NAV TR%	-10.9	-22.0	+23.7	+33.2	+21.8
FGT Price TR%	-9.7	-23.9	+28.5	+46.8	+29.2
FTSE All Share TR%	-13.3	-23.2	+22.0	+14.1	+22.0

Source: LTL S&P Micropal. TR=Total Return (with dividends reinvested) LTL was appointed to FGIT in Dec 2000.

2004	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE 2004
NAV TR %★	+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 TR %★	+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 TR %	-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 TR %	-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	YE 2005
NAV TR %★	+0.7	+2.8	+1.4	-3.0	+4.6	+3.1	+0.1	+0.4	+3.8	-2.3	+3.8	+4.7	+21.8
Price TR %★	+5.8	+3.6	-2.3	+0.3	+3.7	+3.6	-0.7	+0.6	+4.5	-3.0	+4.9	+5.4	+29.2
Since Appointment NAV TR %	+13.7	+16.2	+17.8	+14.6	+19.2	+23.2	+23.2	+23.9	+28.8	+26.5	+30.3	+36.5	
Since Appointment Price TR %	+33.6	+38.4	+35.3	+35.7	+40.7	+45.8	+44.8	+45.6	+52.1	+47.6	+54.8	+63.1	

Source: LTL and S&P Micropal unless otherwise indicated. TR=Total Return (with dividends reinvested) LTL was appointed to FGIT in Dec 2000.

★ Source: Monthly performance is sourced from LTL and Bloomberg.

Market Capitalisation	£ 129.8mn
Net Asset Value	£ 2.7010
Share Price	£ 2.7900
Premium (Discount)	3.3%
Estimated Gross Yield[▲]	3.3%

Source: Bloomberg. ▲Source: LT & 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

December was a strong month for the FT All-Share Index, up 3.9%, before income. Your NAV outperformed, gaining 4.7%. For the year as a whole, the All-Share rose 18.1%, net of income, compared to the Company up 17.7%. On a total return basis, however, the performance disparity will be narrower, because the Company has traded on a higher dividend yield than the market average through the calendar year.

Five holdings gained 9.9% or more over the month. These were Bradford & Bingley, Halma, HBOS, Rathbone and Sage. The randomness of this collection is encouraging to us, because it suggests that investors have returned to being willing to consider the merits of companies engaged in industry areas other than mineral extraction. For periods during 2005 it seemed that unless a company smelts copper or drills for energy in far-flung parts of the world, it was unworthy. We understand why many investors are enthusiastic about commodity prices and companies - although cannot forget the traumatic cyclicality that has characterised these sectors throughout their history. However, we stick to our conviction that what is good for commodity companies is good for other industries too. Unexpectedly strong demand for commodities suggests unexpectedly strong demand for other goods and services. In particular, we think, the financial services industry is set for a period of growth, as the commodity and China financing boom rolls on. Various of the capital market proxies owned in your company - businesses that perform well when capital market activity is rising- did well in December. Reuters rose over 7.0%, as did Schroders. Smaller companies, with strong niche positions in the financial industry, Euromoney and Royalblue, also participated.

Wolverhampton & Dudley put on a more modest 1.6% in December. However, the shares also went "XD" their final dividend, worth a further 25.66p, or 2.0%. This dividend represented another 10.0% increase over last year's, extending the run of 10.0% per annum increases from this company to over 30 years. Our investors should know that we have a strong intellectual allegiance to businesses like Wolves, capable of many years of steady above average returns and expect them to remain at the core of the portfolio. Included here are Barr, Cadbury and Diageo. None of these is likely to be a top performer in any given 12 month period, but the compounding effect of their business success over several years should create substantial further value for owners.

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All data as at 31st Dec 2005

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