

FINSBURY GROWTH & INCOME TRUST

July 2006

All data as at 31st Jul 2006

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)	13.2	15.4	Consumer Branded Goods	33.4	38.8
Diageo	8.3	9.7	Financial Services	26.1	30.4
Wolverhampton & Dudley	6.4	7.4	Technology/Media	20.8	24.2
Cadbury Schweppes	6.4	7.4	Preference Shares	13.7	15.9
AG Barr	6.1	7.1	Energy	4.3	5.0
Lloyds TSB	5.6	6.5	Industrials	1.2	1.4
Pearson	4.8	5.5	Other	0.4	0.5
Royal Dutch Shell	4.3	5.0	Total	100.0	116.2
Bradford & Bingley	4.2	4.9			
Sage Group	4.1	4.8			
					£
			Total Investments	a	159.4
			Net Cash	b	(-2.3)
			Borrowings	c	(20.0mn)
			Net Assets (a+b+c)	d	137.1
			Gearing ((a-d)/d)		16.2%

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	2.2	13.8	99.3	0.9	-	116.2
Other %	-	-	-	-	-	-
Total %	2.2	13.8	99.3	0.9	-	116.2

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	YTD 2006
FGT NAV TR%	-10.9	-22.0	+23.7	+33.2	+21.8	+6.2
FGT Price TR%	-9.7	-23.9	+28.5	+46.8	+29.2	+3.6
FTSE All Share TR%	-13.3	-23.2	+22.0	+14.1	+22.0	+6.6

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

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	
2006	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2006
NAV TR %★	+3.7	+2.4	+2.4	-2.0	-5.2	+2.1	+1.4						+6.2
Price TR %★	+2.3	+2.2	+3.3	-2.5	-6.0	+0.6	+2.2						+3.6
Since Appointment NAV TR %	+41.5	+44.7	+50.0	+47.5	+40.0	+43.1	+45.1						
Since Appointment Price TR %	+66.9	+70.6	+78.8	+74.3	+63.9	+65.0	+68.5						

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	£ 141.0mn
Net Asset Value	£ 2.8044
Share Price	£ 2.8550
Premium (Discount)	1.8%
Estimated Gross Yield ▲	3.4%

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 D Hunt VE Renwick GWB Warman
ISIN:	GB0007816068
Bloomberg:	FGT LN
Listing:	London Stock Exchange

Fund Manager's Comments

July was an interesting month for your Company, marked by two unexpected events. First, we were surprised and, on balance, pleased by UBS' decision to buy back for cancellation its Warburg preference shares - an ancient and tiny issue UBS "inherited" when it acquired that bank. Your Company owns just under 10.0% of the outstanding Warburg shares, bought on an average net yield of 6.6%. UBS will pay a 30.0% premium to market price to ensure the success of its offer, giving an exit yield of 4.5%. These preference shares have, therefore, proven a rewarding investment for the Company, with a capital gain of 42.0%, on top of dividends. We wonder whether HBOS and RBOS will be tempted to follow UBS and retire their own irredeemable preference shares, which we continue to regard as "expensive" finance for these banks and, accordingly, as "good value" holdings for our strategy.

Next, we were again surprised, but definitely pleased, by Reuters' dividend increase, announced with its July interims. The 6.4% hike comes after 5 years of static payments and must signal management's confidence in Reuters' future cash generation. Reuters has been perhaps our poorest use of shareholders' capital over the last five years, when we commenced a holding far too early into the bear market and too early into Reuters' own "season in hell". We maintained and added to the position, however, believing that the company had the financial solidity and market positions to recover and, perhaps, to start growing again. When all is said and done, Reuters is an exceptional business, at the heart of the global financial system, in a duopoly with Bloomberg, each offering some functionality that the other cannot match. The FT's Lex column described Reuters as a "recovery" stock, we agree, but the dividend increase suggests it could soon be regarded as a "growth" company, if so, its stock is undervalued, in our opinion.

Elsewhere, we note and are encouraged by these other July dividend declarations - Bradford & Bingley, +10.0%, Pearson, +5.0%, Rathbone, +17.0%, Reed, +11.0% and Royalblue, +30.0%.

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