

Finsbury Growth & Income Trust PLC

Managed by
Close Investments Limited

As at September 2006

Investment Adviser
Lindsell Train Limited



Nick Train

Biography

Nick Train began his career as an Investment Manager at GT Management in 1981, having graduated from The Queen's College, Oxford with a second class honours in Modern History (1977-1980). He left GT in June 1998, after 17 years, on its acquisition by INVESCO. At his resignation he was a Director of GT Management (London), Investment Director of GT Unit Managers and Chief Investment Officer for Pan-Europe. He joined M&G in September 1998, as a Director of M&G Investment Management. In June 1999 he was appointed as Head of Global Equities at M&G. He left M&G in April 2000 to co-found Lindsell Train Limited. He is investment adviser to the Worshipful Company of Saddlers.

Adviser Profile

Investment advisory services are provided by Lindsell Train Limited (Lindsell Train). Lindsell Train was formed in December 2000. However the principals, Michael Lindsell and Nick Train had worked together at GT Management from 1992 through to GT's takeover by INVESCO in 1998. Both Michael Lindsell and Nick Train went on to fulfil senior roles at INVESCO and M&G PLC respectively, where they continued to develop an in depth knowledge of investment processes and the worlds' stock markets. Their shared investment philosophy is to invest in durable businesses that are significantly under priced or less durable businesses that are valued by the market at a significant discount to their net balance sheet financial assets. This is achieved by choosing a concentrated portfolio of a small number of stocks with the intention of holding them for the medium to long term. Lindsell Train currently manages £350m (as at 31/12/05). Lindsell Train is authorised and regulated by the Financial Services Authority.

Investment Policy

The Company has a concentrated portfolio of 25-30 stocks with a low turnover, and aims to have an above-market dividend yield. The Adviser uses a bottom-up stock picking approach and looks to invest in a universe of excellent UK listed businesses that appear mostly undervalued. The Company's policy is to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts).

Discount Control Mechanism

The Directors have introduced an active discount management policy to establish and support an improved rating in the Company's shares through the use of share buybacks, with a view to limiting the discount to NAV per share at which the shares trade to not more than 5%. Up to 10% of the shares bought back may be held in treasury for reissue at later dates at not more than the discount at which they were purchased.

Investment Objective and Benchmark Index

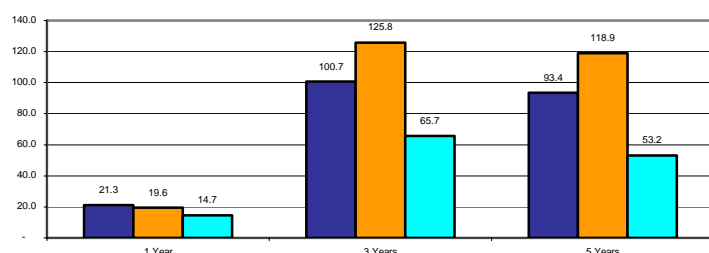
Finsbury Growth & Income Trust PLC invests in the shares of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of its benchmark, the FTSE All-Share Index (net dividends reinvested).

Cumulative Performance

Trust: Finsbury Growth & Income Trust PLC – NAV (total return)

Trust: Finsbury Growth & Income Trust PLC – Share Price (total return)

Index: FTSE All-Share Index (net dividends reinvested)



Discrete Performance – Calendar Years (%)

Percentage Growth	2001	2002	2003	2004	2005
NAV	-11.0	-21.7	22.4	31.4	21.7
Share Price	-9.7	-23.6	27.6	43.4	29.2
Index	-13.3	-22.7	20.9	12.8	22.0

Standardised Discrete Performance (%)

Percentage Growth 12 Month Return	Sept 01- Sept 02	Sept 02- Sept 03	Sept 03- Sept 04	Sept 04- Sept 05	Sept 05- Sept 06
NAV	-17.1	16.1	26.1	31.2	21.3
Share Price	-21.7	23.9	37.4	37.3	19.6
Index	-20.8	16.7	15.7	24.9	14.7

Source: Fundamental Data, mid-mid (share price), diluted NAV. Past performance is not a guide to future performance.

Investment Outlook

September was a good month for Finsbury Growth & Income Trust, with an NAV gain of 3.8%, more than double that of the FTSE All-Share Index. Perhaps counter-intuitively, it was the increasing conviction investors have about the likelihood of an economic slowdown, even recession, in the US that sparked the gains for the strategy. There are two reasons for this. First, a marked slowdown in the US could mean an end to the recent period of rising interest rates. Certainly, the US government bond market has delivered a strong rally as worries about rising rates and inflation have receded. Certain stock market sectors are more sensitive than others to falling inflation expectations. In particular the financial sectors are seen as beneficiaries, so it is no surprise to us that winners for Finsbury Growth & Income Trust this month include the banks, Bradford & Bingley, up 4.4%, HBOS, 5.4% and Lloyds, 3.5%. In addition, the London Stock Exchange and Reuters, both up 7.0% or more, are clear gainers from the increased capital market activity that tends to accompany falling bond yields. Second, a putative economic slowdown encourages investors to seek out companies with steady business growth potential, whatever the state of the economic cycle. Investors have sold "cyclical" stocks- of which we own few in Finsbury Growth & Income Trust, (e.g. Shell, down 3.6%) and bought "growth" stocks, of which we own many, with, for instance, Reed Elsevier up 5.1%, Sage, 5.0% and Unilever, 4.9%.

Elsewhere, the integrated brewers owned in the Company did well, with Wolves up 6.4%, as its trading statement confirmed another year of business progress. Youngs also rose by a double digit percentage – sadly the cause was the passing away of John Young, a great servant to his family company and all shareholders. Our investment in Youngs has quintupled over the six years since we first purchased it – the biggest winner in the portfolio. Youngs' shares are no longer obviously undervalued, but it is hard to identify another brewer with better assets and we are in no hurry to sell.

Figures sourced from Bloomberg

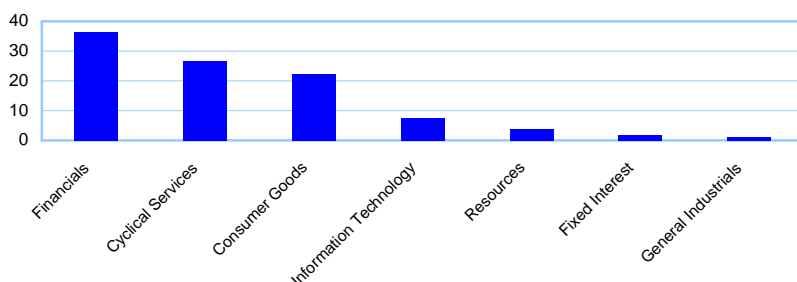
Finsbury Growth & Income Trust PLC

Ten Largest Holdings as at 30/09/2006 (%)

Name	Sector	Total
HBOS	Financials	13.1
Diageo	Consumer Goods	8.0
Wolverhampton & Dudley Breweries	Cyclical Services	6.8
Cadbury Schweppes	Consumer Goods	6.6
Barr (AG)	Consumer Goods	6.2
Lloyds TSB	Financials	5.3
Pearson	Cyclical Services	4.8
Reed Elsevier	Cyclical Services	4.4
Sage	Information Technology	4.3
Bradford & Bingley	Financials	4.3
Total		63.8

HBOS shares are split: Ordinary shares 5.8% & Preference shares 7.3%

Sector Breakdown as at 30/09/2006 (%)



Source: All portfolio information sourced from Close Investments Limited

Share Price Total Return on £100 (£)

YTD	111.6
1 year	119.6
3 years	225.8
5 years	218.9

Source: Fundamental Data. Past performance is not a guide to future performance.

Awards

Highly Commended 2006

Moneywise Magazine
Best Growth & Income Trust

Winner 2004

Investment Trusts Magazine
Best Growth & Income Trust 2004

Important Information

Finsbury Growth & Income Trust PLC (the "Company") is a UK investment trust listed on the London Stock Exchange and is a member of the Association of Investment Companies. As this Company may implement a gearing policy investors should be aware that the share price movement may be more volatile than movements in the price of underlying investments. Past performance is not a guide to future performance. The value of investments and the income from them may fall as well as rise and is not guaranteed. An investor may not get back the original amount invested. There can be no assurance that the Company's investment objective will be achieved and investment results may vary substantially over time. This document is for information purposes only and does not constitute an offer or invitation to purchase shares in the Company and has not been prepared in connection with any such offer or invitation. Investment Trust share prices may not fully reflect underlying net asset values. There may be a difference between the prices at which you may purchase ("the offer price") or sell ("the bid price") a share on the stock market which is known as "bid-offer" or "dealing" spread. This is set by the market makers and varies from share to share. This spread typically averages 1-2% each way on the mid-market price (the price halfway between the bid and offer prices), and can fluctuate and at times be higher than average. Net Asset Value per share is calculated in accordance with the guidelines of the Association of Investment Companies in that income received by the company in the period since the last annual accounts is excluded. Total net assets are stated inclusive of income received. Any opinions on individual stocks are those of the Company's Investment Adviser and no reliance should be given on any such views. Any research in this document has been procured and may have been acted upon by Lindsell Train Limited for its own purposes. The results are being made available to you only incidentally. The views expressed herein do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of any company in the Close Brothers Group or any part thereof and no assurance are made as to their accuracy.

Issued by Close Investments Limited

October 2006

As at September 2006

Fast Facts

Launch Date	1926
Annual Management Charge	0.65% of average market capitalisation (payable by the Trust)
Performance fee	See Annual Report for details
Year / interim end	30 September / 31 March
Capital Structure	49,236,573 Ordinary shares of 25p

Trust Characteristics

Number of Holdings	25
Net Assets (£m)	146.1
Dividend Policy	Provisional dates: April & October
Current Net Yield	2.7%
Gearing (AITC basis)	114
Share Price (p)	300.25
NAV (p)	296.71
(Discount)/Premium	1.2%

Codes

Sedol	0781606
ISIN	GB0007816068
Bloomberg	FGT LN
Epic	FGT

How to Invest

Minimum investment	£1,000 Lump Sum £100 Direct Debit £100 Top-up
Investing for Children	£100 Lump Sum £25 Direct Debit

Available within an ISA, Savings Scheme, PEP or direct through your financial adviser, stockbroker or bank.

Online dealing and account administration available for ISA, PEP and Savings Scheme via www.closeinvestments.com.

How to Contact Us

Helpline: 0845 600 1213*
Fax: 020 7247 4722
E-mail: info@closeinvestments.com
Website: www.closeinvestments.com

Close Investments Limited
10 Crown Place London EC2A 4FT.
Authorised and regulated by the Financial Services Authority. A subsidiary of the Close Brothers Group.
*Calls to this number are recorded for monitoring purposes

