

# Finsbury Growth & Income Trust PLC

Managed by  
Close Investments Limited

As at 30 November 2006

Investment Adviser  
Lindsell Train Limited



Nick Train

## Investment Objective and Benchmark Index

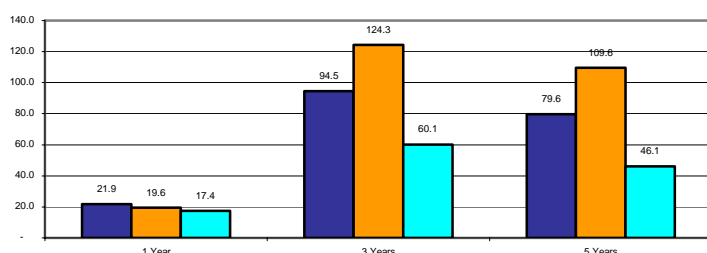
Finsbury Growth & Income Trust PLC invests in the shares of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of its benchmark, the FTSE All-Share Index (net dividends reinvested).

## 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	Nov 01- Nov 02	Nov 02- Nov 03	Nov 03- Nov 04	Nov 04- Nov 05	Nov 05- Nov 06
NAV	-18.4	13.1	25.0	27.6	21.9
Share Price	-21.3	18.7	41.3	32.7	19.6
Index	-18.0	11.2	12.8	20.8	17.4

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

## Investment Outlook

November was a decent month for the strategy, with the NAV up slightly and the FTSE All-Share down. Moving into the last month of the calendar year, the NAV is c3.0% ahead of its benchmark, making possible a solid, if not spectacular, result for the year. December can be a volatile month, though!

November was more notable for individual share moves, than any great thematic developments. On the downside, we were disappointed with the fall in Reed Elsevier's price, off c7.0%. This was in understandable reaction to another mildly disappointing trading update from the company – where one of its four divisions is struggling to grow. We think that the growth and value creation from the rest of Reed compensates for its problems in Education, but it is truly frustrating to see the shares back into the middle of a trading range that was established as long ago as 1996. HBOS was the only other measurable faller, down 4.0%, sliding on concerns about the UK consumer credit cycle, where bad debts are certainly on the increase. Our hope is that growth in HBOS' savings business will offset these issues – while the dividend yield 20.0% higher than the market average strikes us as offering good justification for holding the bank through its various cycles.

There were some nice winners in the portfolio, though. Best performer was Euromoney, up over 10.0%, as investors digest the opportunity presented by its recent acquisition. Two brewers, Wolves and Youngs both gained over 8.0%. The former is one of the major holdings in the Company and its 24.0% rise for the calendar year is one of the important contributors to the 2006 return. Sage rallied 7.0%, after a weak month in October. Recent results from this software company confirmed the quality of its franchise and the 25.0% dividend increase highlights, in our view, its future growth opportunities. NASDAQ tabled its bid for the London Stock Exchange, which jumped 3.5% on the news, above the level of the offer. LSE has been a wonderful investment for FGIT, but we are hopeful that more returns can be earned, either from a higher bid, which looks necessary for NASDAQ to win, or from further growth in LSE's business, as it progresses towards the Holy Grail of the industry, of a true global equity bourse, trading equity across all geographies and time zones.

Figures sourced from Bloomberg

## 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.

## Investment 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 Investment 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 no more than 5%. Up to 10% of the shares bought back may be held in treasury for reissue at later dates at no more than the discount at which they were purchased.

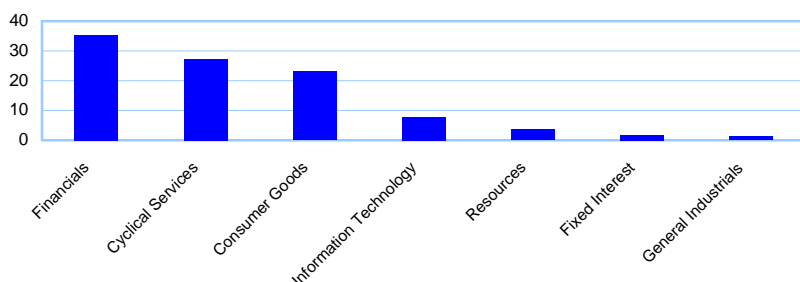
# Finsbury Growth & Income Trust PLC

## Ten Largest Holdings as at 30/11/2006 (%)

Name	Sector	Total
HBOS	Financials	12.3
Diageo	Consumer Goods	8.0
Wolverhampton & Dudley Breweries	Cyclical Services	7.1
Cadbury Schweppes	Consumer Goods	5.9
Barr (AG)	Consumer Goods	5.7
Lloyds TSB	Financials	5.1
Pearson	Cyclical Services	4.6
Sage	Information Technology	4.2
Bradford & Bingley	Financials	4.0
Reed Elsevier	Cyclical Services	4.0
<b>Total</b>		<b>60.9</b>

HBOS shares are split: Ordinary shares 5.5% & Preference shares 6.8%

## Sector Breakdown as at 30/11/2006 (%)



Source: All portfolio information sourced from Close Investments Limited

## Share Price Total Return on £100 (£)

YTD	113.5
1 year	119.6
3 years	224.3
5 years	209.6

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 assurances are made as to their accuracy.

Issued by Close Investments Limited

December 2006

## As at 30 November 2006

## Fast Facts

<b>Launch Date</b>	1926
<b>Annual Management Charge</b>	0.65% of average market capitalisation (payable by the Trust)
<b>Performance fee</b>	See Annual Report for details
<b>Year / interim end</b>	30 September / 31 March
<b>Capital Structure</b>	50,042,423 Ordinary shares of 25p

## Trust Characteristics

<b>Number of Holdings</b>	26
<b>Net Assets (£m)</b>	151.5
<b>Dividend Policy</b>	Provisional dates: April & October
<b>Current Net Yield</b>	3.5%
<b>Gearing (AITC basis)</b>	115
<b>Share Price (p)</b>	305.25
<b>NAV (p)</b>	302.76
<b>(Discount)/Premium</b>	0.8%

## Codes

<b>Sedol</b>	0781606
<b>ISIN</b>	GB0007816068
<b>Bloomberg</b>	FGT LN
<b>Epic</b>	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](http://www.closeinvestments.com).

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