

# FINSBURY GROWTH & INCOME TRUST

January 2005

All data as at 31st Jan 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)	15.4	18.0	Consumer Branded Goods	34.1	39.8
Wolverhampton & Dudley	7.9	9.2	Technology/Media	20.5	23.9
Cadbury Schweppes	7.7	8.9	Financial Services	22.9	26.7
Diageo	7.2	8.4	Preference Shares	14.9	17.3
AG Barr	6.5	7.6	Energy	5.4	6.3
Lloyds TSB	5.7	6.6	Industrials	1.6	1.9
Shell Transport & Trading	5.4	6.3	Other	0.6	0.7
Reuters	5.2	6.1	<b>Total</b>	<b>100.0</b>	<b>116.6</b>
Bradford & Bingley	4.8	5.6			
Manchester United	4.3	5.0			
					<b>£</b>
			Total Investments	a	103.5mn
			Net Cash	b	(1.8mn)
			Borrowings	c	(16.5mn)
			<b>Net Assets (a+b+c)</b>	<b>d</b>	<b>88.7mn</b>
			Gearing ((a-d)/d)		16.6%

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	2.9	14.5	98.0	1.2	-	<b>116.6</b>
Other %	-	-	-	-	-	-
<b>Total %</b>	<b>2.9</b>	<b>14.5</b>	<b>98.0</b>	<b>1.2</b>	<b>-</b>	<b>116.6</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	+1.3
FGT Price %	-9.7	-23.9	+28.5	+46.8	+5.8
FTSE All Share %	-13.3	-23.2	+22.0	+14.1	+1.3

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												<b>+1.3</b>
Price %	+5.8												<b>+5.8</b>
Since Appointment NAV %	+13.7												
Since Appointment Price %	+33.6												

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

<b>Market Capitalisation</b>	£ 90.2mn
<b>Net Asset Value<sup>▲</sup></b>	£ 2.3078
<b>Share Price<sup>▲</sup></b>	£ 2.3600
<b>Premium (Discount)</b>	(2.3%)
<b>Gross Yield</b>	2.0%

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

The Trust and its benchmark made modest gains in January, consolidating the strong finish to 2004. The FT All-Share Index now offers a historic dividend yield of less than 3.0%, for the first time since the end of the "Bubble" phase of 1998-2001. Some commentators worry about this "low" dividend yield, but we believe it is justified by the very modest level of inflation in the UK, under 1.5%. So long as inflation stays low and dividends grow ahead of that rate of inflation the market looks fine.

In January we put to work a substantial proportion of the cash realised from Glenmorangie. Although we monitor a range of possible new investments, we find few assets more attractive today than some of our existing holdings. In particular, we have now accumulated substantial holdings in Lloyds Bank and Diageo and think it probable that the latter will become our biggest holding in due course. Lloyds offers a dividend yield twice the market average and 50.0% higher than a gilt. If Lloyds' dividend begins to grow again, say during the next five years, then its shares are already hugely attractive in absolute terms. Diageo, meanwhile, has a dividend yield 25.0% greater than the market average, despite its dividend being safer and growing more quickly than that average, in our judgement.

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*All data as at 31st Jan 2005*

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