

# FINSBURY GROWTH & INCOME TRUST

August 2005

All data as at 31st Aug 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)	14.6	17.1	Consumer Branded Goods	33.3	39.1
Diageo	7.8	9.1	Financial Services	23.7	27.8
Cadbury Schweppes	7.6	8.9	Technology/Media	20.3	23.8
Wolverhampton & Dudley	6.8	8.0	Preference Shares	16.0	18.7
AG Barr	6.8	8.0	Energy	5.0	5.9
Lloyds TSB	5.5	6.4	Industrials	1.2	1.4
Royal Dutch Shell	5.0	5.9	Other	0.5	0.6
Sage Group	4.7	5.6	<b>Total</b>	<b>100.0</b>	<b>117.3</b>
Reed Elsevier	4.4	5.2			
Reuters	4.0	4.7			
					<b>£</b>
			Total Investments	a	130.4
			Net Cash	b	(1.7)
			Borrowings	c	(17.5mn)
			<b>Net Assets (a+b+c)</b>	d	<b>111.1</b>
			Gearing ((a-d)/d)		17.3%

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	2.7	16.0	97.5	1.1	-	<b>117.3</b>
Other %	-	-	-	-	-	-
<b>Total %</b>	<b>2.7</b>	<b>16.0</b>	<b>97.5</b>	<b>1.1</b>	<b>-</b>	<b>117.3</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	+10.4
FGT Price %	-9.7	-23.9	+28.5	+46.8	+15.4
FTSE All Share %	-13.3	-23.2	+22.0	+14.1	+13.2

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	+2.2	+1.4	-2.7	+4.1	+3.3	+0.0	+0.5					<b>+10.4</b>
Price %	+5.8	+3.6	-2.3	+0.3	+3.7	+3.6	-0.7	+0.6					<b>+15.4</b>
Since Appointment NAV %	+13.7	+16.2	+17.8	+14.6	+19.2	+23.2	+23.2	+23.9					
Since Appointment Price %	+33.6	+38.4	+35.3	+35.7	+40.7	+45.8	+44.8	+45.6					

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

<b>Market Capitalisation</b>	£ 111.7mn
<b>Net Asset Value<sup>^</sup></b>	£ 2.4863
<b>Share Price<sup>^</sup></b>	£ 2.5300
<b>Premium (Discount)</b>	1.8%
<b>Gross Yield</b>	1.9%

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

Your NAV made a modest gain in August, just behind the equally modest c0.5% rise in the FT All-Share Index. Year-to date, to end August, the Trust NAV is up 8.0%, compared to the benchmark gain of 10.3%, both excluding income. All the underperformance was registered in July, as we reported last time, when our low exposure to the oil and mining sectors left us lagging. As this note is written, the oil price and those of several metals have subsided somewhat, as have shares in companies exposed to these commodities - however the Trust's portfolio position is unchanged and, therefore, vulnerable to any renewed rally in these areas.

At least, the Trust is vulnerable if such a rally is unaccompanied by gains elsewhere across the market (as was the case for us in July). What was encouraging in August, although a quiet month, was that breadth across the market was better and that parts of your portfolio really did quite well. We are best pleased by the performance in the month of the two new holdings in the Trust in 2005, namely Rathbone Brothers and Royalblue, which gained 8.0% and 16.0% respectively, making for decent gains on the book cost of the holdings. What is common to the two, apart from cash-rich balance sheets, excellent franchises and major growth opportunities, is that each is dependent, in the long run, on the health of global capital markets (Rathbone is an investment manager, Royalblue designs software for investment bank equity traders). The rallies in the oil majors and big metal stocks may have been directly unhelpful for the Trust, but to the extent they drive the FT All-Share higher, this is indirectly good news for important areas in the portfolio, where we own a variety of stock market "proxies". For instance, the London Stock Exchange itself was up 5.5% in August and Schroders, another investment manager, up 2.6%. We continue to add to a longstanding, but so far rather unsuccessful, holding in Pearson for similar reasons. The improving level of global equity markets, rising volumes and booming investment bank profits are all leading indicators of improved advertising and subscription levels for the Financial Times. We believe other investors seriously underestimate the strategic value of the FT, when they consider the overall value of Pearson and that with a dividend yield 25.0% higher than the market average the company represents an interesting opportunity for your Trust. In other activity we have built the Diageo holding into now the largest single equity position, taking advantage of the sell-

off in the shares in July and conscious of the value of the forthcoming final dividend to all investors, not just us, who require growing income.

## FINSBURY GROWTH & INCOME TRUST

*All data as at 31st Aug 2005*

**Investment Manager:  
Close Finsbury Asset  
Management**

10 Crown Place  
London EC2A 4FT

Freephone Helpline 0800 169 6968  
Fax 020 7247 4722  
[www.CloseFinsbury.com](http://www.CloseFinsbury.com)  
[info@CloseFinsbury.com](mailto:info@CloseFinsbury.com)

**Discretionary Investment Advisor:  
Lindsell Train Limited  
35 Thurloe Street  
London SW7 2LQ**

Phone: +44 20 7225 6400  
Fax: +44 20 7225 6499  
[www.LindsellTrain.com](http://www.LindsellTrain.com)  
[enquiry@LindsellTrain.com](mailto:enquiry@LindsellTrain.com)

**Lindsell Train is authorised and  
regulated by the Financial  
Services Authority.**

Reports can be found on our  
website at [www.LindsellTrain.com](http://www.LindsellTrain.com)

This document is intended for use by persons who are authorised by the UK Financial Services Authority ("FSA") and those who are permitted to receive such information in the UK. The information contained in this document does not constitute an offer or invitation to buy or sell any investments. Nothing in this document constitutes investment, legal, tax or other advice. Lindsell Train and/or persons connected with it may have an interest in this investment.

The value of any investment in securities or funds and the income generated from them may go down as well as up and are not guaranteed. Past performance cannot be used as a guide or guarantee of future performance. You may not get back the original amount you have invested. Changes in foreign exchange rates may cause the value of your investment to go up or down. Some funds with higher gearing may be subject to higher volatility and the investment value may change substantially. The net asset value (NAV) performance of an investment trust is not the same as its market share price performance.

Issued by Lindsell Train Limited. Authorised and regulated by the Financial Services Authority. 15 Sep 2005 LTL 000-029-8