

# FINSBURY GROWTH & INCOME TRUST

May 2006

All data as at 31st May 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)	13.6	15.6	Consumer Branded Goods	31.7	36.5
Diageo	8.1	9.3	Financial Services	27.2	31.3
Cadbury Schweppes	6.5	7.5	Technology/Media	21.1	24.3
Wolverhampton & Dudley	6.5	7.5	Preference Shares	14.2	16.3
AG Barr	5.8	6.7	Energy	4.2	4.8
Lloyds TSB	5.4	6.2	Industrials	1.2	1.4
Pearson	4.9	5.7	Other	0.4	0.5
Bradford & Bingley	4.6	5.3	<b>Total</b>	<b>100.0</b>	<b>115.2</b>
Sage Group	4.3	4.9			
Royal Dutch Shell	4.2	4.8			
					<b>£</b>
			Total Investments	a	152.9
			Net Cash	b	(0.1)
			Borrowings	c	(20.0mn)
			<b>Net Assets (a+b+c)</b>	<b>d</b>	<b>132.8</b>
			Gearing ((a-d)/d)		15.2%

Fund Exposure	Bonds	Prefs	Equity	Funds	Cash	Total
UK %	2.2	14.1	97.8	1.0	-	<b>115.2</b>
Other %	-	-	-	-	-	-
<b>Total %</b>	<b>2.2</b>	<b>14.1</b>	<b>97.8</b>	<b>1.0</b>	<b>-</b>	<b>115.2</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	2005	2006
FGT NAV TR%	-10.9	-22.0	+23.7	+33.2	+21.8	+2.5
FGT Price TR%	-9.7	-23.9	+28.5	+46.8	+29.2	+0.6
FTSE All Share TR%	-13.3	-23.2	+22.0	+14.1	+22.0	+4.0

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

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	<b>+21.8</b>
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	<b>+29.2</b>
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								<b>+2.5</b>
Price TR %★	+2.3	+2.2	+3.3	-2.5	-6.0								<b>+0.6</b>
Since Appointment NAV TR %	+41.5	+44.7	+50.0	+47.5	+40.0								
Since Appointment Price TR %	+66.9	+70.6	+78.8	+74.3	+63.9								

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.

<b>Market Capitalisation</b>	£ 134.2mn
<b>Net Asset Value</b>	£ 2.7293
<b>Share Price</b>	£ 2.7650
<b>Premium (Discount)</b>	1.3%
<b>Estimated Gross Yield</b> ▲	2.9%

Source: Bloomberg. ▲Source: LT & 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

Time will tell whether May 2006 marked the top of the commodity price bull market of the early years of the Twenty First century. Certainly, the commodities themselves and the equities of associated companies all suffered a sharp correction during the month, after several months of increasingly speculative price action. At one point, early in May, the CRB Copper futures had more than doubled since the start of the year and it was reported, with what accuracy we do not know, that it was possible at that price of the metal, to melt down Sterling two pence pieces and sell them for 3p each. Whatever, there was scope for a setback and those investments we have on your behalf that are most exposed to the level of the London stock market fell along with the index itself. For instance, Schroders lost over 9.0% in May and Royalblue, a software company serving financial institutions, fell 21.0%. Companies not implicated in the commodity cycle tended to outperform, with decent relative gains for your strategy from A.G. Barr, Diageo and Wolves.

We continue to think that the commodity bull market can be misconstrued. The story is not about the rarity of coal and copper, supplies of which are abundant. It is about the unexpected strength in Emerging Market economies. We expect this theme to continue and are confident that important holdings within the portfolio will benefit. For instance, we do not believe that investors have recognised that in 2005, for the first time, Unilever's sales in developing economies outweighed those in its home market of Western Europe. Accelerating sales in developing economies could improve Unilever's stock market valuation markedly. Accordingly we have started a holding.

## FINSBURY GROWTH & INCOME TRUST

*All data as at 31st May 2006*

**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. 14-Aug-06 LTL 000-037-4