Finsbury Growth & Income Trust

June 2006

All data as at 30th Jun 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.

Market Capitalisation	£ 141.0mn
Net Asset Value	£ 2.9478
Share Price	£ 3.0150
Premium (Discount)	1.0%
Estimated Gross Yield⅄	2.9%

Source: Bloomberg. ⅄Source: LT & Close Finsbury AM

Fund Breakdown

Top 10 Holdings	*% Gross*	*% NAV*
HBOS (Ord & Pref)	13.2	15.4
Diageo	8.2	9.5
Cadbury Schweppes	6.4	7.5
Wolverhampton & Dudley	6.4	7.5
AG Barr	5.9	6.9
Lloyds TSB	5.5	6.5
Pearson	4.9	5.7
Bradford & Bingley	4.4	5.2
Reed Elsevier	4.3	5.0
Royal Dutch Shell	4.2	4.9

Industry Breakdown	*% Gross*	*% NAV*
Consumer Branded Goods	32.8	38.5
Financial Services	26.6	31.1
Technology/Media	21.2	24.8
Preference Shares	13.5	15.9
Energy	4.2	4.9
Industrials	1.3	1.5
Other	0.4	1.5
Total	**100.0**	**117.1**

		£
Total Investments	a	157.6
Net Cash	b	(3.0)
Borrowings	c	(20.0mn)
Net Assets (a+b+c)	d	**134.6**
Gearing ((a-d)/d)		17.1%

Fund Exposure	*Bonds*	*Prefs*	*Equity*	*Funds*	*Cash*	*Total*
UK %	2.2	13.7	100.3	0.9	-	**117.1**
Other %	-	-	-	-	-	**-**
Total %	**2.2**	**13.7**	**100.3**	**0.9**	**-**	**117.1**

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	+4.7
FGT Price TR%	-9.7	-23.9	+28.5	+46.8	+29.2	+1.2
FTSE All Share TR%	-13.3	-23.2	+22.0	+14.1	+22.0	+5.5

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	**+21.8**
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	**+29.2**
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	+2.1							**+4.7**
Price TR %★	+2.3	+2.2	+3.3	-2.5	-6.0	+0.6							**+1.2**
Since Appointment NAV TR %	+41.5	+44.7	+50.0	+47.5	+40.0	+43.1							
Since Appointment Price TR %	+66.9	+70.6	+78.8	+74.3	+63.9	+65.0							

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.

Fund Manager: Nick Train

Launch Date: 1926

Denominated Currency: Sterling

Year End: 30th September

Dividend:

Interim: Ex-Date - June
Payable - June

Final: Ex-Date - November
Payable - January

Benchmark: FTSE All Share Index (net dividends reinvested)

Investment Trust Sector: UK Growth & Income

Annual Mgmt Fee: 0.65% of average market capitalisation

Performance Fees: 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.

The Board: MAF Reeve
JP Allard
D Hunt
VE Renwick
GWB Warman

ISIN: GB0007816068

Bloomberg: FGT LN

Listing: London Stock Exchange

FINSBURY GROWTH & INCOME TRUST

All data as at 30th Jun 2006

Fund Manager's Comments

June saw a recovery in the FT All-Share Index, up c1.7%. The NAV of your Company also rallied, but by a more modest 1.0%. Over the first six months of 2006 the NAV return lags that of its benchmark by c0.8% (after crediting back to the Company the effect of the substantial special dividend paid by the London Stock Exchange in the period), plus c4.2% versus up c3.4% for the Company. We hope both relative and absolute performance picks up in the second half of the year and can see reasons why this should be the case.

In particular, there are three substantial portions of the investment portfolio where we believe that there is either undervaluation, or misapprehension on the part of other investors, or both. First, we think the British banking sector has become materially undervalued, certainly compared to bank shares elsewhere around the world. The declared interest of French bank Credit Agricole, in acquiring Alliance & Leicester indicates to us that the UK sector has now become sufficiently undervalued to attract foreign interest. We think the three bank shares we own - B&B, HBOS and Lloyds will deliver attractive total returns from their current dividend yields and that each could easily be caught up in any future industry consolidation. Next, we expect various UK Media companies to deliver improved share price performance, especially those that are growing their online revenues rapidly. Holdings such as Pearson, Reed, Reuters and Sage all qualify. Finally, we look to the branded goods companies in the portfolio to surprise investors positively with the acceleration of their revenues in Emerging Markets. Our major holdings in Cadbury and Diageo are obvious examples. In addition, we have recently begun to accumulate a new position in Unilever, a share which has spent a number of years in the doldrums. In 2005 Unilever's sales into the developing economies exceeded those to Western Europe for the first time in company history. For us this is of more than symbolic importance and we expect rapid sales in those parts to engender a rerating of Unilever's shares. In the meantime, the near 4.0% net dividend yield provides ample reward for waiting.

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