

Finsbury Growth & Income Trust PLC

Managed by
Close Investments Limited

As at October 2006

Investment Adviser
Lindsell Train Limited



Nick Train

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.

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 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 not more than 5%. Up to 10% of the shares bought back may be held in treasury for reissue at later dates at not more than the discount at which they were purchased.

Investment Objective and Benchmark Index

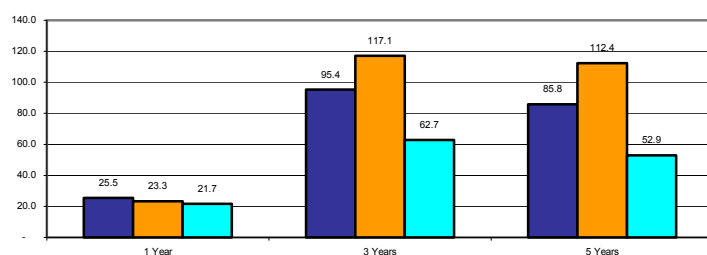
Finsbury Growth & Income Trust PLC invests in the shares of UK listed companies with the objective of achieving capital and income growth and providing a total return in excess of that of the its benchmark, the FTSE All-Share Index (net dividends reinvested).

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	Oct 01- Oct 02	Oct 02- Oct 03	Oct 03- Oct 04	Oct 04- Oct 05	Oct 05- Oct 06
NAV	-16.4	13.8	24.7	24.8	25.5
Share Price	-18.9	20.6	35.4	30.0	23.3
Index	-17.3	13.6	11.6	19.8	21.7

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

Investment Outlook

October was a quiet month for our Trust, certainly compared to a buoyant FTSE All-Share Index. The Trust recorded an NAV increase of 1.3%, compared with a 3.0% increase in the FTSE All-Share. The NAV was held back by the low exposure to mining and commodity stocks, which enjoyed a strong rally after a period of poor performance. In addition, two large holdings in the Company declined in price during October – namely Cadbury and Sage. Cadbury has been a disappointment in 2006, as investors have penalised it for missing profitability targets. The problem has been the UK confectionary market, where the group makes c10.0% of its profits. Here, an unseasonably hot Summer depressed chocolate sales, down over 5.0% year on year. We believe that investors attitude to Cadbury is myopic. Cadbury is a rare, truly global branded goods business, whose prospects over the next couple of decades will be driven by the success of its products in the emerging economies of the world, not by the seasonal fluctuations in its developed world interests. Here Cadbury is well-positioned, with leading confectionary shares in countries with enormous opportunities such as India, Turkey, Poland and several Latin American nations. With the promise from its Board of accelerating dividend growth, we think Cadbury looks very attractive. Sage has now declined c 11.0% in 2006, which we think is perverse given the growth in its business. Sage is just, temporarily we hope, in the "wrong" sector, so far as UK investors are concerned. As a technology company, Sage is still tarred by the bad experience of investors from this sector, although that trauma is now receding into the more distant past. We look to the US and see the closest comparable company to Sage, a business software designer called Intuit, having risen by 30.0% in 2006 and valued nearly 50.0% higher. Sage slipped in October because there were no unexpected positive surprises from its trading update, simply confirmation of steady progress in its business. In our view it would not take much for investors to reappraise the company and for its stock to go up.

Figures sourced from Bloomberg

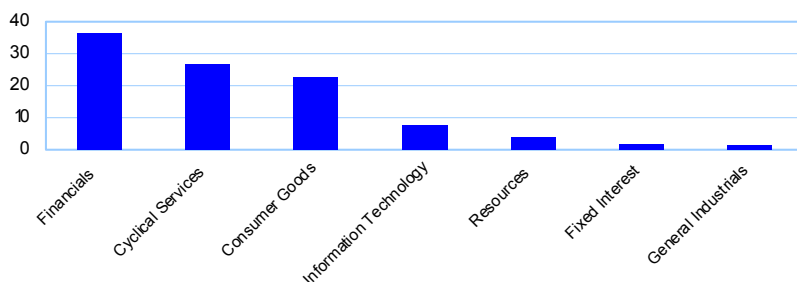
Finsbury Growth & Income Trust PLC

Ten Largest Holdings as at 31/10/2006 (%)

Name	Sector	Total
HBOS	Financials	12.9
Diageo	Consumer Goods	8.1
Wolverhampton & Dudley Breweries	Cyclical Services	6.7
Cadbury Schweppes	Consumer Goods	6.0
Barr (AG)	Consumer Goods	6.0
Lloyds TSB	Financials	5.4
Pearson	Cyclical Services	4.9
Reed Elsevier	Cyclical Services	4.4
Bradford & Bingley	Financials	4.1
Sage	Information Technology	4.0
Total		62.5

HBOS shares are split: Ordinary shares 5.9% & Preference shares 7.0%

Sector Breakdown as at 31/10/2006 (%)



Source: All portfolio information sourced from Close Investments Limited

Share Price Total Return on £100 (£)

YTD	111.6
1 year	123.3
3 years	217.1
5 years	212.4

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 assurance are made as to their accuracy.

Issued by Close Investments Limited

November 2006

As at October 2006

Fast Facts

Launch Date	1926
Annual Management Charge	0.65% of average market capitalisation (payable by the Trust)
Performance fee	See Annual Report for details
Year / interim end	30 September / 31 March
Capital Structure	49,803,173 Ordinary shares of 25p

Trust Characteristics

Number of Holdings	25
Net Assets (£m)	149.6
Dividend Policy	Provisional dates: April & October
Current Net Yield	3.6%
Gearing (AITC basis)	113
Share Price (p)	300.25
NAV (p)	300.45
(Discount)/Premium	(0.1%)

Codes

Sedol	0781606
ISIN	GB0007816068
Bloomberg	FGT LN
Epic	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.

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