

Electric & General Investment Trust plc: As at 31.08.09

International / Equity Growth

Investment Manager's Commentary

Equities continued to rally strongly during August, boosted by an improved economic outlook from the UK, US and Japanese Central banks and by Eurozone data, which showed that France and Germany had returned to growth during the second quarter. Over the month, major indices reached fresh highs. The S&P 500, for example, rose to its highest level since September 2008 while the FTSE 100 and MSCI Europe (in Euros) both reached their highest levels since October last year. Having seen powerful recoveries in financial markets, with credit spreads and equity prices returning to more normal levels, this improvement has continued to spread into the real economy. This is no doubt due to better sentiment spilling over from financial markets as well as a wider availability of credit. In addition, so much of the decline in the real economy was due to a significant inventory correction following the trade finance drought last October that it was inevitable that a re-building of inventories would kick-start economic activity. Equity valuations still reflect the severity of the crisis and continue to represent good medium term value. However, the steep undervaluation that existed for much of the last year has been reduced and some profit taking is to be expected. Global imbalances between surplus and deficit countries still exist and, in the case of the most affected countries such as the UK and US, the current recovery takes place in an environment of maximum government stimulus. The ultra-low interest rates and unprecedented budget deficits cannot continue for ever and the necessary re-balancing will dampen growth for some time. During the month, we finished buying Cairn Energy and Singapore Telecom, and continued to build a holding in Unilever. Additions were made to the holdings in Bunge, the world's biggest oil seed processor, and St Joe Corporation, which owns a large block of development land in Florida, and we topped up the holding in Medicover as some stock became available.



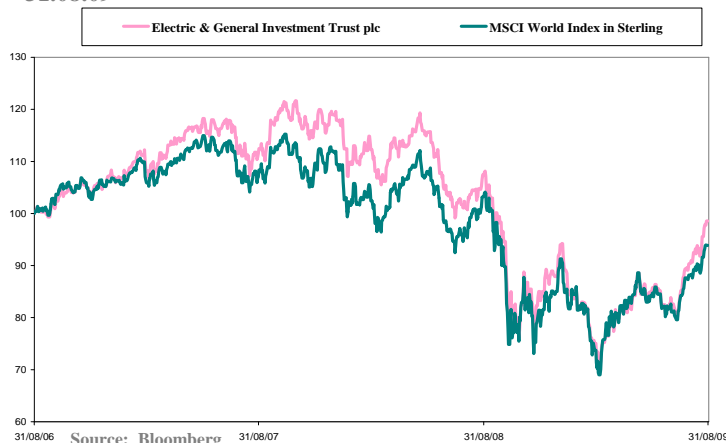
We purchased a new holding in TAG Immobilien, a German property company. The company's NAV has recently been published at €6.09, while the share price is around €3.35. The new NAV has been calculated after a significant write-down of property values. The company has recently appointed a new CEO, Rolf Elgeti, who the Directors of Electric & General Investment Trust plc met in Berlin. He intends to refocus the company from an over-reliance on trading and development profits to a longer-term property-owning strategy. This will involve a significant cut in operating costs and a general improvement in asset management, particularly focusing on letting out empty flats. The company is attractive not only because of the high discount to NAV and the new management, but also because of the cheapness of property in Germany. Residential property in Berlin costs between £40 and £80 a square foot and office space is also attractively priced. This purchase was mostly funded by the sale of Japan Retail Fund, where in contrast, we cannot see much upside. We bought back a holding in National Grid, which had been sold last November at £6.63. There have been some fears that the rating agencies may want the company to raise new money, but these have been allayed. The sale of China Unicom was completed, we continued to sell Mediceo Paltac and we reduced the holding in Human Genome after an extremely strong performance. We have held Human Genome for several years because we felt that its portfolio of antibody-based drug candidates was attractive. Against market expectations a recent phase 3 trial for its Lupus drug, which is partnered with Glaxo, was successful, giving Human Genome's prospects a significant boost.

Source: THS Partners

Top Ten Holdings (as at close 31.08.09)

1	SNC LAVALIN GROUP COM NPV CAD	2.67%
2	NESTLE SA CHF1 (REGD)	2.64%
3	HSBC HOLDINGS PLC ORD USD0.50	2.20%
4	FRANCE TELECOM EUR4	2.15%
5	HUTCHISON WHAMPOA HKD0.25	2.11%
6	INTEL CORPORATION COM USD0.001	2.04%
7	VODAFONE GROUP USD0.11428571	2.03%
8	ROYAL DUTCH SHELL EUR0.07 B SHS	2.02%
9	BNP PARIBAS EUR2 (FR)	2.00%
10	CARREFOUR EUR2.50	1.87%

NAV per Share Performance 01.09.06 (rebased to £100) to 31.08.09



Discrete Annual Performance (%) 12 Months Ending June 2009

	June 2009	June 2008	June 2007	June 2006	June 2005
Ordinary Price	-20.70	-10.28	13.00	23.57	21.39
NAV	-21.67	-9.35	16.87	20.25	12.41
Morgan Stanley Capital International World Index in Sterling	-16.86	-11.77	11.70	11.36	9.86

Note: Price is month-end mid-price. Benchmark is not total return index.
Source: Bloomberg

Past performance is not a guide to the future. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested.

Cumulative Performance to 31.08.09 (%)

Capital NAV Per Share (P)	Cum Income NAV Per Share (P)	Ordinary Share Price (P)	1 Month %	YTD %	1 Year %	3 Year %	5 Year %	10 Year %	
399.74	408.82	358.00	Ordinary Price	9.56	10.49	-7.73	-6.65	49.21	-4.22
Yield	Discount	NAV	9.03	6.95	-8.28	-9.86	39.17	-3.31	
2.85%	-10.44%	Morgan Stanley Capital International World Index in Sterling	5.70	4.07	-9.66	-8.76	16.38	-13.07	

Note: Price is month-end mid-price. Benchmark is not total return index.
Source: Bloomberg

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Investment Objective

The Company's investment objective is to maximise total return while pursuing a progressive dividend policy, where achievable, within the over-riding objective of capital growth.

Charges

Basic Management Fee: 0.4% of net assets per annum.
Performance Fee: 10% of the outperformance versus the MSCI World Index in Sterling over the relevant performance period (maximum of 0.6% in a period of increase and 0.2% in a period of decrease of net assets).

Fund Details

Total Gross Assets:

£268.0m (As at 31.08.09)

Dealing:

Daily (Stockmarket)

NAV Frequency:

Daily

Legal Status:

UK Investment trust

Type of Fund

Closed-end fund

Listing:

London Stock Exchange

Dividends:

March, October

Investment Manager:

Taube Hodson Stonex Partners LLP

Stockbroker:

JPMorgan Cazenove Limited

Administrator:

BNP Paribas Securities Services

Registrar:

Computershare Investor Services PLC

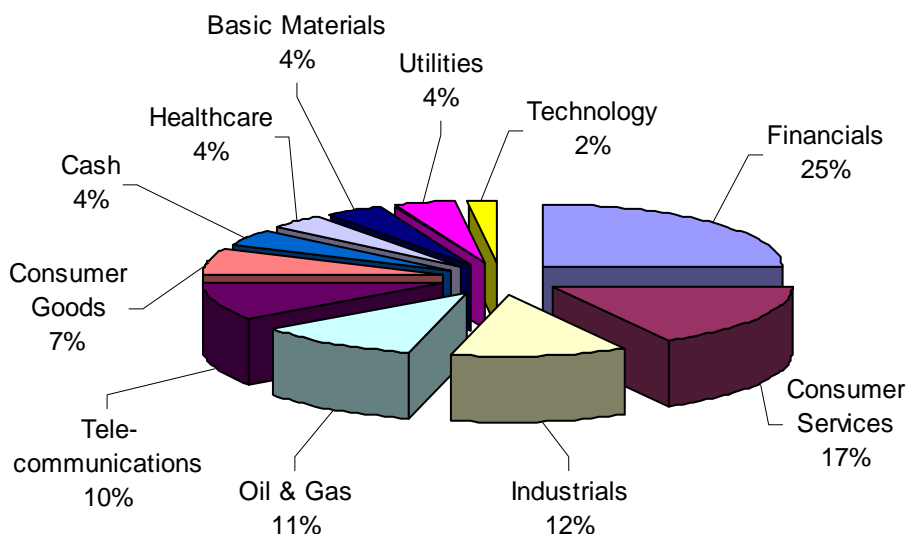
Wrapped Products

The shares of Electric & General Investment Trust plc ("Electric & General") are offered within the BNP Paribas Electric & General Savings Scheme and ISA. Further details can be obtained from the 'How to Save' section of the Electric & General website on www.electricandgeneral.com or by calling the Investor Helpline on 0845 358 1113.

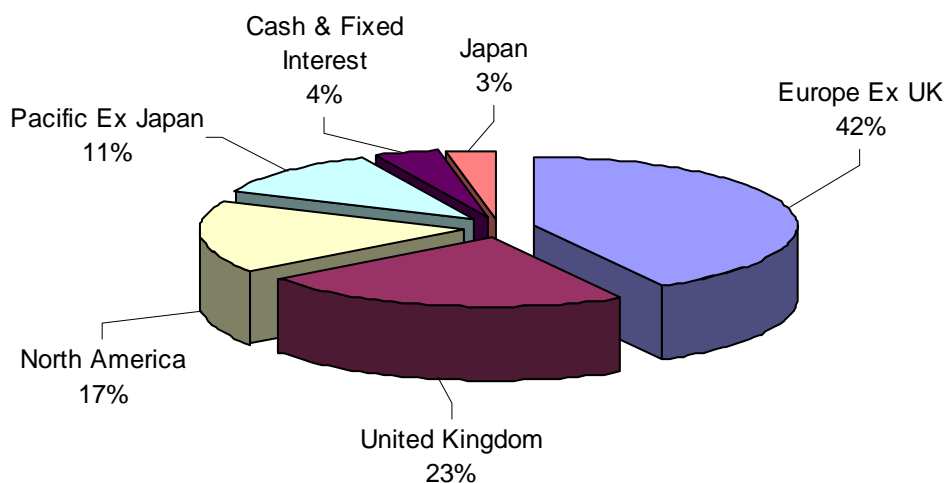
Important Information

The prices of shares in investment trusts and income received from them can go down as well as up and investors may not get back the full amount invested. Past performance is no guarantee of future performance. Quoted yields are not guaranteed. Changes in the rates of currency exchanges may have an adverse effect on the value or price of the shares. Investments in a currency other than your own currency will be subject to movements in foreign exchange rates. Reference to any specific securities should not be construed as a recommendation to buy or sell these securities but is included for the purposes of illustration only. Investors should also note that the views expressed may no longer be current and may have already been acted upon. Investment trusts can borrow money to make additional investments on top of shareholders' funds (gearing). The use of gearing can lead to volatility in the NAV, meaning that a relatively small movement, down or up, in the value of a company's assets will result in a magnified movement, in the same direction, of that NAV. Share price performance is not the same as NAV performance and investors may not realise returns the same as NAV performance. The Company may invest in emerging markets which tend to be more volatile than more established stock markets and the value of your investment could move sharply up or down. If you have any questions about the suitability of this investment for your portfolio, you should contact an independent financial adviser. Nothing in this factsheet should be construed as advice nor be considered an offer or solicitation to deal in investments. Issued by Taube Hodson Stonex Partners LLP which is authorised and regulated by the Financial Services Authority, (Firm No 480219). Registered office: Cassini House, 1st Floor, 57-59 St. James's Street, London, SW1A 1LD (OC333502).

Sector Allocation



Geographical Allocation



Source: THS