

# Electric & General Investment Trust plc: As at 31.01.10

## International / Equity Growth



### Investment Manager's Commentary

Stock markets started the year on a positive note, but soon began to relinquish some of the recent gains as investors' appetite for risk diminished. Fears that the Chinese economy is set to overheat, concerns over Greece's ability to reduce its budget deficit and a mixed response to President Obama's proposals for a widespread overhaul of the US banking system contributed to the decline in major indices. The continuation of the consolidation period, which began in the fourth quarter last year, also impacted on stock markets during January, as investors continued to take profits following the strong recovery. There have, however, been some encouraging signs too, including strong GDP data from the US in the fourth quarter and largely positive earnings reports for the same period; and towards the end of January, the European Commission indicated that it would not allow Greece's debt crisis to jeopardise the Eurozone. Some countries, notably Ireland and Estonia, are being given credit by the markets for taking decisive action and this may encourage others to implement austerity measures.

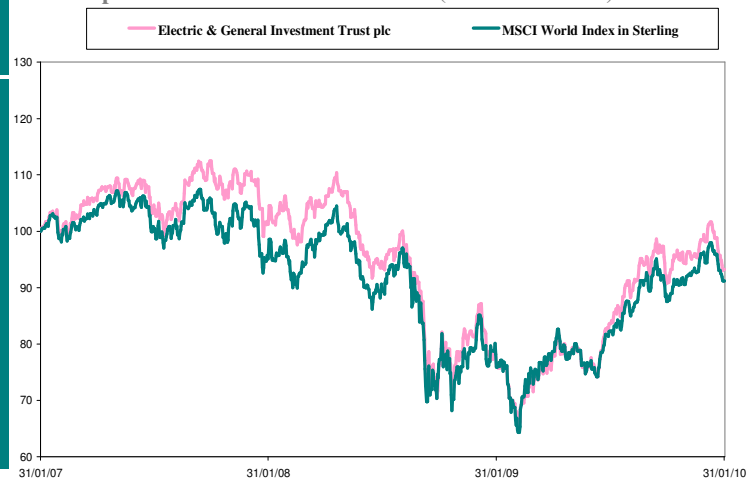
During the month, rights were taken up in Unicredit. It has been less badly affected than most and has an attractive position in Eastern Europe, particularly Poland, which has survived the crisis well. We continued to buy Alliance Data Systems and added to the holding in Royal Bank of Scotland, following a fresh look at its valuation and balance sheet. We sold Industrial & Commercial Bank of China, China's largest bank, and used the proceeds to participate in a placing of Sumitomo Mitsui, the large Japanese bank in which we have profitably invested in the past. Sumitomo Mitsui is the most efficient of Japan's three biggest banks. It has cleaned up its balance sheet and benefits from a stable management, a strong retail franchise in both its banking and brokerage operations and its exposure to overseas securitisation is limited. Having acquired the investment banking business Nikko Cordial from Citigroup last October, the bank is well placed to benefit from a recovery in corporate activity. The stock trades at 0.9 times book value after the issue of new shares. The Yen exposure gained through this purchase was largely hedged back into the base currency.

Source: THS Partners

### Top Ten Holdings (as at close 31.01.10)

1	NESTLE CHF0.1 (REG)	3.03%
2	SNC LAVALIN GROUP COM NPV CAD	2.87%
3	HSBC HLDGS ORD USD0.5	2.16%
4	HUTCHISON WHAMPOA HKD0.25	2.04%
5	VODAFONE GROUP ORD USD0.11428571	2.00%
6	ANF EUR1	1.99%
7	ROYAL DUTCH SHELL B ORD SHS EUR0.07	1.98%
8	BNP PARIBAS EUR2	1.98%
9	TAG IMMOBILIEN AG NPV	1.97%
10	BRITISH PETROLEUM ORD USD0.25	1.95%

### NAV per Share Performance 01.02.07 (rebased to £100) to 31.01.10



Source: Bloomberg

### Discrete Annual Performance (%) 12 Months Ending

	December 2009	December 2008	December 2007	December 2006	December 2005
Ordinary Price	14.89	-23.67	4.62	10.78	21.17
NAV	15.18	-22.49	10.95	12.38	24.35
Morgan Stanley Capital International World Index in Sterling	13.04	-19.81	5.30	3.46	20.29

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 31.01.10 (%)

Capital NAV Per Share (P)	Ordinary Share Price (P)		1 Month %	YTD %	1 Year %	3 Year %	5 Year %	10 Year %
412.60	358.00	Ordinary Price	-3.83	-3.83	19.13	-11.99	13.47	-31.48
Yield	Discount	NAV	-5.03	-5.03	22.70	-6.74	29.18	-26.00
2.31%	-13.23%	Morgan Stanley Capital International World Index in Sterling	-3.44	-3.44	20.08	-8.84	15.35	-15.38

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.

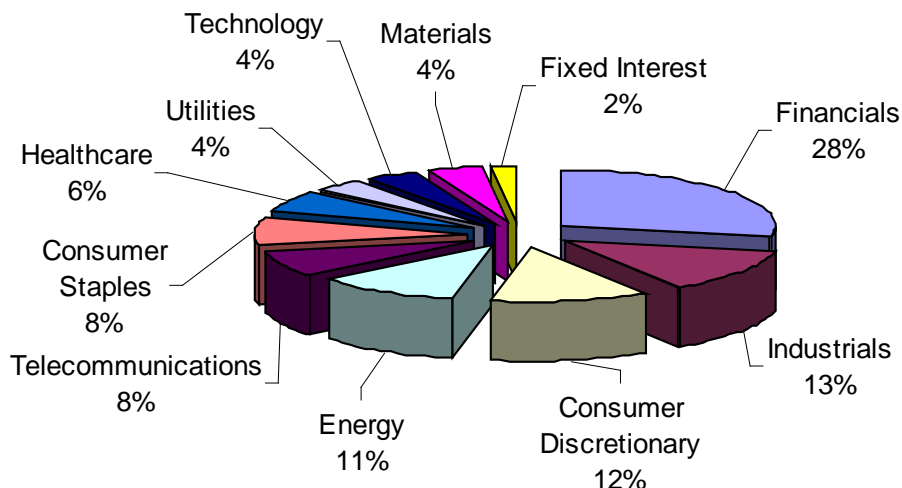
### Charges

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

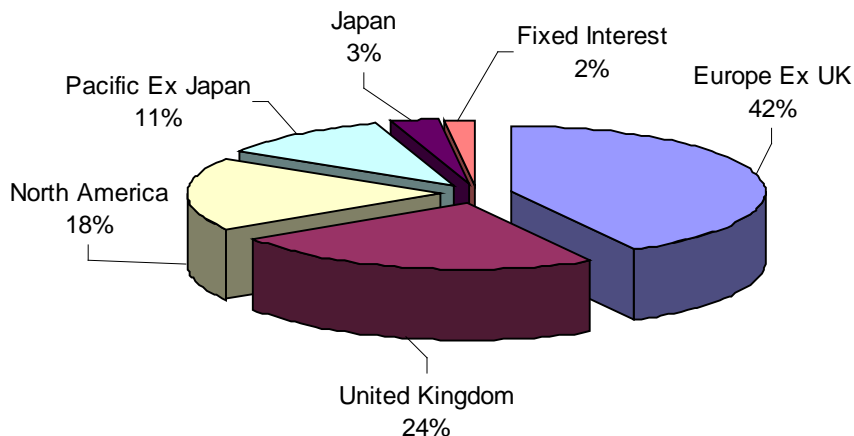
**Total Gross Assets:**  
 £277.0m (As at 31.01.10)  
**Dealing:**  
 Daily (Stockmarket)  
**NAV Frequency:**  
 Daily  
**Legal Status:**  
 UK Investment trust  
**Type of Fund**  
 Closed-end fund  
**Listing:**  
 London Stock Exchange  
**Dividends:**  
 March, October  
**Investment Manager:**  
 Taube Hodson Stonex Partners LLP  
**Stockbroker:**  
 JPMorgan Cazenove Limited  
**Administrator:**  
 BNP Paribas Securities Services  
**Registrar:**  
 Computershare Investor Services PLC

### Sector Allocation



Source: MSCI Sectors

### Geographical Allocation



Source: THS

### 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](http://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).