

# Electric & General Investment Trust plc: As at 30.11.09

## International / Equity Growth

### Investment Manager's Commentary

The market made modest progress over the month. The news from Dubai caused a dip for a few days, but its crisis was not ultimately considered serious enough to derail the recovery. Better markets have encouraged quite a rush of companies to launch rights issues. These are often fairly sizeable, designed as they are to repair damaged balance sheets. This process has gone smoothly so far, but the resources of the market are not limitless. During the month, the Investment Manager continued to buy PICC Property & Casualty, the Chinese insurer, and participated in a placing of shares in Yell Group, the international yellow pages business. New investments were made in Alliance Data Systems (ADS), Industrial and Commercial Bank of China (ICBC) and Suncor. Alliance Data Systems (ADS) is a Texas-based technology and marketing company, focused on customer loyalty schemes. The business divides into three parts: Retail Services, which run store cards; Epsilon, which manages loyalty programmes for retailers; and LoyaltyOne, which operates the Canadian Airmiles programme. All of ADS's businesses are characterised by long-term customer relationships, stable growth and good profitability. ADS trades on around 11x 2010 cash EPS; given the company's long-term growth prospects, this looks attractive. We decided to sell Bank of China, which had risen substantially, and invest the proceeds in ICBC, which is currently the world's biggest financial company and China's largest bank. It has 20,000 branches and 200m customers. The

company has many more deposits than loans, so loan growth has no funding cost; and 60 per cent of its lending is domestic infrastructure-orientated via local governments. This business is cheap to administer, has low loss rates and growth rates are high. The company has recently shown some overseas ambition, buying 10 per cent of Standard Bank in South Africa. Suncor is Canada's largest oil sands producer. Current oil sands production is 350,000 barrels per day, rising to a million in 2020. We previously owned Petro-Canada, which was bought by Suncor earlier this year, and we are familiar with the assets. Suncor is attractive because it is predominantly oil (as opposed to gas), has predictable production growth, and has the bulk of its assets in a stable country (Canada). The current wide differentials between gas and oil prices look likely to persist for some time, as unconventional gas reserves are exploited in North America, and as more LNG (liquefied natural gas) comes on stream, which will help keep costs down at Suncor. Currently, with oil trading at \$80/barrel, Suncor trades on around 8x next year's cash flows, which looks modest relative to prospects. During the month, China Merchant, the Chinese port operator, was sold at a good profit, and the Investment Manager started to sell Inpex, the Japanese state gas company, because of the risk that low gas prices in Europe and America will affect contract prices in Asia.

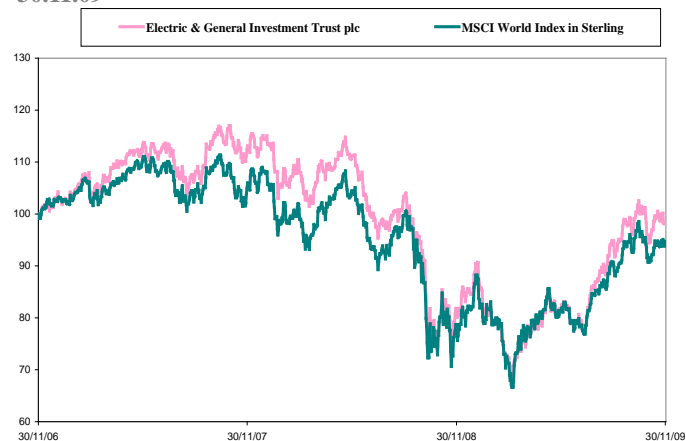


Source: THS Partners

### Top Ten Holdings (as at close 30.11.09)

1	NESTLE SA CHF1 (REGD)	2.86%
2	SNC LAVALIN GROUP COM NPV CAD	2.80%
3	HSBC HOLDINGS PLC ORD USD0.50	2.21%
4	BNP PARIBAS EUR2 (FR)	2.15%
5	NEWCREST MINING AS\$0.50	2.13%
6	FRANCE TELECOM EUR4	2.08%
7	ROYAL DUTCH SHELL EUR0.07 B SHS	2.00%
8	VODAFONE GROUP USD0.11428571	2.00%
9	ANF EUR1	1.98%
10	HUTCHISON WHAMPOA HKD0.25	1.93%

### NAV per Share Performance 01.12.06 (rebased to £100) to 30.11.09



Source: Bloomberg

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

	September 2009	September 2008	September 2007	September 2006	September 2005
Ordinary Price	5.08	-19.98	10.95	9.53	29.93
NAV	7.91	-18.78	15.48	10.18	29.42
Morgan Stanley Capital International World Index in Sterling	6.22	-17.26	9.06	6.24	19.51

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 30.11.09 (%)

Capital NAV Per Share (P)	Ordinary Share Price (P)		1 Month %	YTD %	1 Year %	3 Year %	5 Year %	10 Year %
416.93	362.00	Ordinary Price	3.72	11.73	25.26	-9.27	27.35	-16.49
Yield	Discount	NAV	3.77	10.56	19.84	-1.99	36.83	-15.86
2.72%	-13.17%	Morgan Stanley Capital International World Index in Sterling	4.33	9.39	20.32	-5.35	18.72	-15.24

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

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## International / Equity Growth



### Investment Objective

The Company's investment objective is to maximize 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:**

£279.0m (As at 30.11.09)

**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

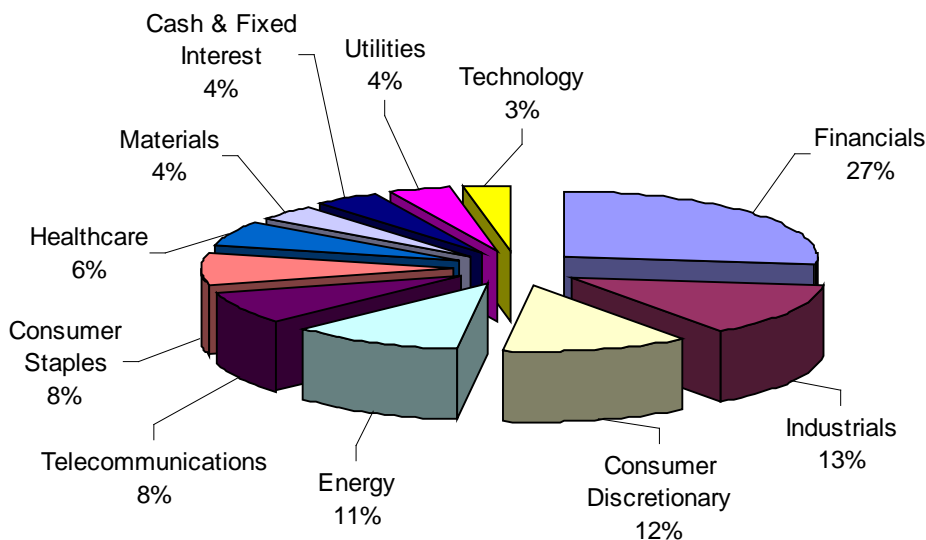
### Wrapped Products

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](http://www.electricandgeneral.com) or by calling the Investor Helpline on 0845 358 1113.

### Important Information

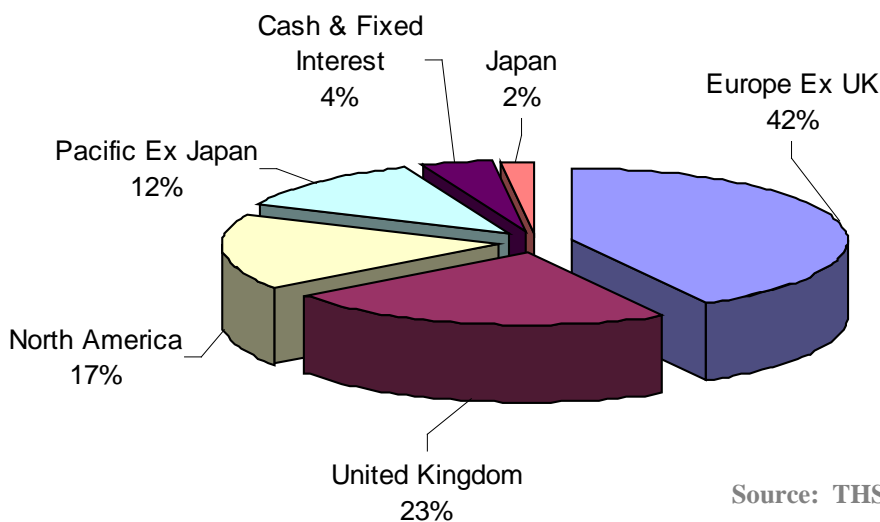
The prices of shares in investment trusts and income received from them can go down as well as up and investors may not get back the full amount invested. Past performance is no guarantee of future performance. Quoted yields are not guaranteed. Changes in the rates of currency exchanges may have an adverse 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).

### Sector Allocation



Source: MSCI Sectors

### Geographical Allocation



Source: THS