

Electric & General Investment Trust plc: As at 30.09.09

International / Equity Growth

Investment Manager's Commentary

The rally in equities which began in the Spring continued during September, running slightly out of momentum at the end of the month. Improving economic data, the gradual return of credit markets to normality and a surplus of liquidity facilitated a remarkable recovery. By the end of September leading indices had risen significantly from the March lows. The FTSE 100 and the Standard & Poor's 500 were up by over 46% and 56% respectively. The markets may well have moved too far too fast but this often happens at this stage of a recovery. However, in spite of these strong performances, equities still offer good medium term value, although some profit-taking is very possible in the short term. Looking ahead, Governments will need to judge the withdrawal of fiscal and monetary stimuli very precisely in order to avoid either a return to recession or inflation – these problems have been given a very good airing at the G-20 meeting of world leaders last month. During the month two major new holdings were started in PICC and Sinopharm. The Investment Managers first purchased a reasonable holding of PICC in September 2006 at around HK\$3 and sold it out up to its peak of around HK\$15 in 2007. The shares are now down to HK\$5.5. The company is very out of favour. The management is seen as ineffectual and the company is criticised for its investment performance. Last year they reported an underwriting loss caused by an earthquake and ice storms. The company has stated that it will increasingly take quota share in the global reinsurance market on natural disasters and weather related risks - reinsurance of this nature has only recently been allowed in China. The investment book can now diversify through liberalisation of capital markets in China, especially through the opportunities in the new corporate bond market. Another way of thinking of this investment is that it is an easy way to hold a pool of Renminbi, which the Investment Managers think is very under-valued.



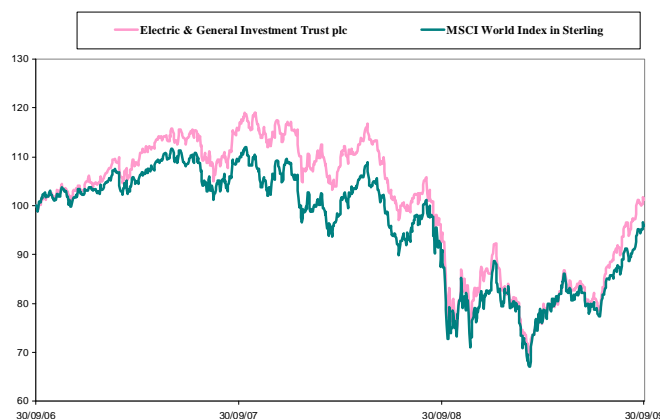
Sinopharm is China's largest pharmaceutical drug wholesaler. It benefits from China's growing ageing population and the increase in diseases such as cancer and diabetes, which are triggered by a more western diet. It also benefits from the People's Congress' healthcare development programme, which includes building hospitals and smaller clinics. Sinopharm is one of only two national pharmaceutical distributors and is twice the size of its competitor, Jointown. Their combined market share is around 20 per cent. The other smaller distributors are queuing up to be taken over by Sinopharm now that the IPO audit has been completed. The company's valuation is very reasonable given its growth potential. The Investment Managers have continued to build up the position in Unilever and added to Q-Cells, the world's largest producer of photovoltaic solar cells. On the sales side, the Investment Managers have started to sell Alfresa Holdings, the Japanese pharmaceutical company as it is on a similar rating to Sinopharm, which they think has better prospects. The sale of the other Japanese drug wholesaler, Mediceo Paltac, has been completed. Some profits have been taken in Bank of China with the sale of two-fifths of the position as the bank now looks sensibly valued against its peer group having been at a discount. Also, Bank of China is China's main foreign exchange bank and - if the earlier comments are right about the Renminbi being under-valued - at some stage they may come under pressure if the currency appreciates, as they have in the past. The Investment Managers started to sell Portugal Telecom earlier in the year but stopped when they felt the markets were improving. They have now started selling again at a somewhat better price.

Top Ten Holdings (as at close 30.09.09)

Source: THS Partners

1	SNC LAVALIN GROUP COM NPV CAD	2.77%
2	NESTLE SA CHF1 (REGD)	2.63%
3	HSBC HOLDINGS PLC ORD USD0.50	2.23%
4	FRANCE TELECOM EUR4	2.18%
5	HUTCHISON WHAMPOA HKD0.25	2.09%
6	VODAFONE GROUP USD0.11428571	2.04%
7	ROYAL DUTCH SHELL EUR0.07 B SHS	1.99%
8	BNP PARIBAS EUR2 (FR)	1.98%
9	INTEL CORPORATION COM USD0.001	1.91%
10	NEWCREST MINING AS0.50	1.83%

NAV per Share Performance 01.10.06 (rebased to £100) to 30.09.09



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 30.09.09 (%)

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 %
420.63	422.30	360.00	Ordinary Price	1.11	11.72	5.08	-6.71	32.77	0.72
			NAV	4.89	12.17	7.91	-10.27	44.34	7.20
2.25%		-14.41%	Morgan Stanley Capital International World Index in Sterling	5.79	10.09	6.22	-9.17	21.69	-4.79

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 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:

£282.0m (As at 30.09.09)

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

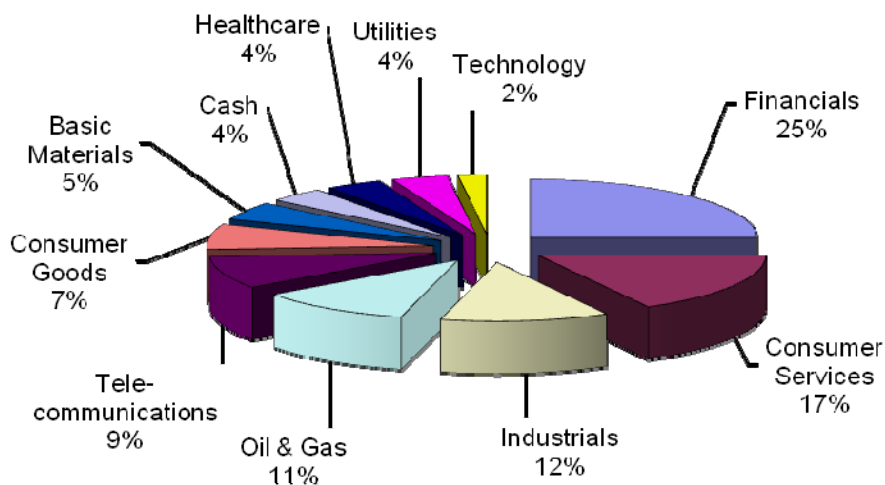
Wrapped Products

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.

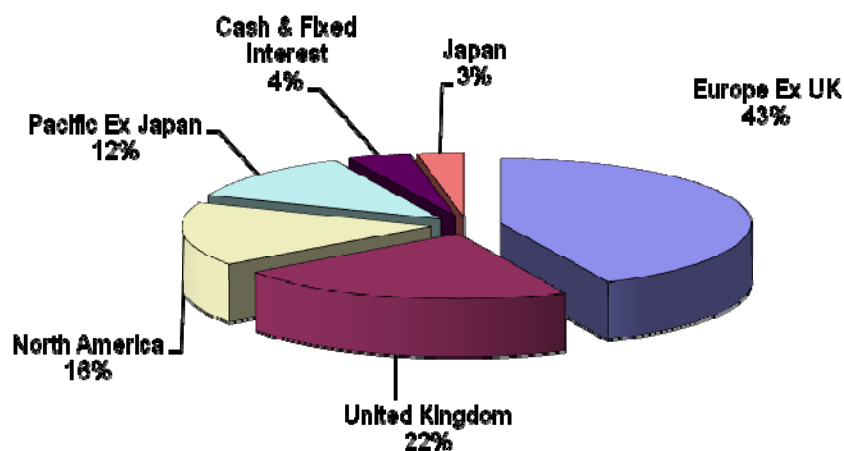
Important Information

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