

Investment Manager's Commentary

This month will be remembered for the unprecedented chain of events which commenced in mid-September with the collapse of Lehman Brothers. The ensuing rescue of AIG, the hurried takeovers announced for Merrill Lynch and HBOS and the spate of banking failures following the US House of Representatives' rejection of the \$700bn bail out plan sent shockwaves across the globe. By the end of the month the financial landscape had been redrawn with even the last two remaining US Investment Banks, Goldman Sachs and Morgan Stanley, turning themselves into bank holding companies, which gives them better access to the Federal Reserve credit window, but also places them more firmly in the US banking regulatory framework. The main takeaway from all this is that the problems besetting the banking sector remain very complex and will take some time to resolve – there is no quick fix. A lot will depend on politicians reacting sensibly and in a timely manner. The possible consequences are that the global slowdown is sharper and more severe than expected and the cost of money, for governments who are having to support their domestic banking systems, going up. During the month there has been very little activity. One new holding has been started in Wolseley. Wolseley Group is the US and Europe's leading plumbing and builders' merchant. Over the last two years the collapse in house-building activity has caused the shares to fall from £14 to the current levels of around £4. Wolseley has a financial record of successfully surviving house-building slowdowns over the last twenty years by cutting back expenses. The company has also recently cut its dividend to preserve cash.

Unlike the house-builders, Wolseley does not have debt associated with holding a land bank and its revenues will increase as soon as housing starts to recover from its current levels. Having looked at these previous trough cycle figures, we calculated that the current price makes a good entry level for long-term investors. On the sales side, we sold half of the holding in NTT at a good price and took a relatively quick profit. The shares dropped away before we could sell the second half. We sold a third of the holding in Exelon, the US nuclear power utility in mid-January and have now sold another third. Even though we still like the nuclear story, we think that in slower economic conditions, the likelihood that US electricity prices are going to increase much is fairly remote. At some stage in the future we may well buy the full position back. During the month, we went to visit Q-Cells and decided to add to the holding. To reiterate, Q-Cells is the largest maker of photo voltaic solar cells in the world. Demand for solar power has been increasing due to improved technology, rising power prices, and concerns about global warming. In the longer-term, we expect solar power to be cost competitive with other generation technologies, especially in parts of the world such as California and Texas, where peak power consumption and prices coincide with maximum solar energy. If even a small percentage of our electricity needs are to be supplied by photo voltaic cells, the prospective demand is a large multiple of today's market.

NAV per Share Performance 01.09.05 (rebased to £100) to 30.09.08



Source: Bloomberg

Source: THS

Top Ten Holdings (as at close 30.09.08)		
1	NESTLE SA CHF1 (REGD)	2.38%
2	NEWCREST MINING A\$0.50	2.08%
3	FRANCE TELECOM EUR4	2.04%
4	BNP PARIBAS EUR2	2.00%
5	SNC LAVALIN GROUP COM NPV CAD	1.99%
6	ANF EUR1	1.93%
7	MITSUBISHI HEAVY INDUSTRIES LIMITED	1.86%
8	ROYAL DUTCH SHELL EUR0.07 'B' SHS	1.81%
9	VODAFONE GROUP USD0.11428571	1.78%
10	ING GROEP NV CVA EUR0.24	1.76%

Discrete Annual Performance (%) 12 Months Ending

	September 2008	September 2007	September 2006	September 2005	September 2004
Ordinary Price	-19.98	10.95	9.53	28.82	16.28
NAV	-18.50	15.48	10.18	28.32	3.21
Morgan Stanley Capital International World Index in Sterling	-17.26	9.06	6.24	19.51	5.76

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 30.09.08 (%)

NAV Per Share (P)	Ordinary Share Price (P)		1 Month	YTD	1 Year	3 Year	5 Year	10 Year
392.10	344.50	Ordinary Price	-11.21	-13.71	-19.98	-2.75	45.67	21.41
Yield	Discount	NAV	-10.85	-12.44	-18.77	3.35	36.87	21.40
2.48%	-12.14%	Morgan Stanley Capital International World Index in Sterling	-10.07	-8.99	-16.77	-4.30	21.32	18.46

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

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Electric & General Investment Trust plc: As at 30.09.08

International / Equity Growth



Company Objective

The Company is a closed-end fund. The aim of the Company is to produce above average capital growth by investing in an international portfolio of companies.

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:

£263.0m (As at 30.09.08)

Dealing:

Daily (Stockmarket)

NAV Frequency:

Daily

Legal Status:

UK Investment trust

Listing:

London Stock Exchange

Dividends:

March, October

Investment Manager:

Taube Hodson Stonex Partners LLP

Stockbroker:

JPMorgan Cazenove Limited

Administrator:

BNP Paribas Fund Services UK Limited

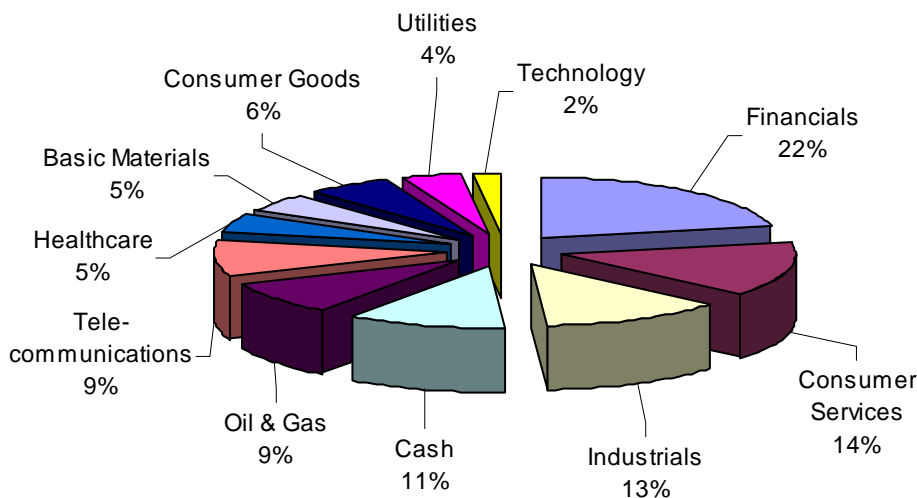
Registrar:

Computershare Investor Services PLC

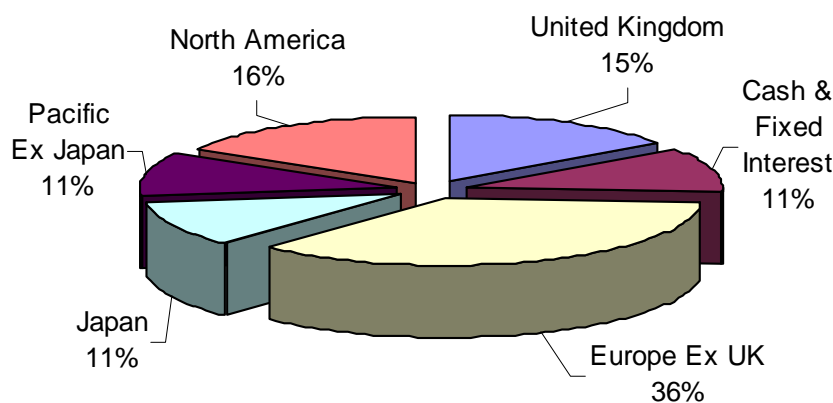
Wrapped Products

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.

Sector Allocation



Geographical Allocation



Source: THS

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).