

# Electric & General Investment Trust plc: As at 31.08.08

## International / Equity Growth



### Investment Manager's Commentary

Equity markets were somewhat calmer in August in spite of continued investor nervousness. Although economic news continued to be mixed and the geopolitical situation worsened with Russia's invasion of Georgia, lower prices for resources and more stable prices for financial stocks allowed markets to stabilise. The main action was in the currency markets. After many years of decline, the US dollar improved significantly and, near the end of the month, sterling weakened in its own right against all the major currencies. The net result was that the US dollar gained 8% against sterling over the month. The yen was also a surprisingly strong currency with a move of 6.75% against sterling. Also helping general sentiment was the fall in the oil price, which came down some 11% in US dollar terms over the month. Similar falls were seen in many of the major base metals and gold, which was down by 9%. It was a very quiet month for trading. We added to the holding in Aegon and continue to build up a position in Ping An Insurance, as described in last month's report. We also completed the sales of Chiba Bank, Netcare and Prudential.

The biggest contributor to performance was the US dollar cash holding. Home Depot had its biggest one-day rise for five years, spurred on by cheaper raw materials and crude oil. Celesio also gained over 20%, recovering some of its falls over the last year. Mitsubishi Heavy Industries also performed well and Yell was up 50% in the month. The largest decliners included Newcrest Mining on the lower gold price - we are going to visit one of their main mines in Australia at the end of October - and China Netcom, which has fallen on cuts in Chinese long-distance fixed telephony charges due to pressure from mobile operators. We met the company recently and went through the details of their merger with the GSM portion of China Unicom, a deal which will make Netcom the second largest Chinese mobile operator. The investment in Scandinavian Property fell by over 40%. The company has stopped building new apartments for the time being as they only build against firm orders and sales have been slow. Also it seems that a UK-based specialist property fund is a forced seller of its holding.

### Top Ten Holdings (as at close 31.08.08)

Source: THS

1	SNC LAVALIN GROUP COM NPV CAD	2.40%
2	ING GROEP NV CVA EUR0.24	2.30%
3	NESTLE SA CHF1 (REGD)	2.14%
4	ROYAL DUTCH SHELL EUR0.07 'B' SHS	1.94%
5	FRANCE TELECOM EUR4	1.90%
6	NEWCREST MINING A\$0.50	1.89%
7	HUTCHISON WHAMPOA HKD0.25	1.88%
8	MITSUBISHI HEAVY INDUSTRIES LIMITED	1.86%
9	VODAFONE GROUP USD0.11428571	1.83%
10	ELECTRICITE DE FRANCE EUR0.5	1.81%

### NAV per Share Performance 01.08.05 (rebased to £100) to 31.08.08



Source: Bloomberg

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

	June 2008	June 2007	June 2006	June 2005	June 2004
<b>Ordinary Price</b>	-10.28	13.00	23.57	21.39	14.25
<b>NAV</b>	-9.35	16.87	20.25	12.41	12.30
<b>Morgan Stanley Capital International World Index in Sterling</b>	-11.77	11.70	11.36	9.86	10.88

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 31.08.08 (%)

NAV Per Share (P)	Ordinary Share Price (P)		1 Month	YTD	1 Year	3 Year	5 Year	10 Year
439.93	388.00	<b>Ordinary Price</b>	5.01	-8.60	-6.95	15.56	60.17	30.64
Yield	Discount	<b>NAV</b>	5.34	-9.69	-4.45	23.06	51.15	30.79
2.04%	-11.80%	<b>Morgan Stanley Capital International World Index in Sterling</b>	7.21	-7.55	-4.61	11.51	28.70	32.38

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

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## 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:

£294.0m (As at 31.08.08)

### 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

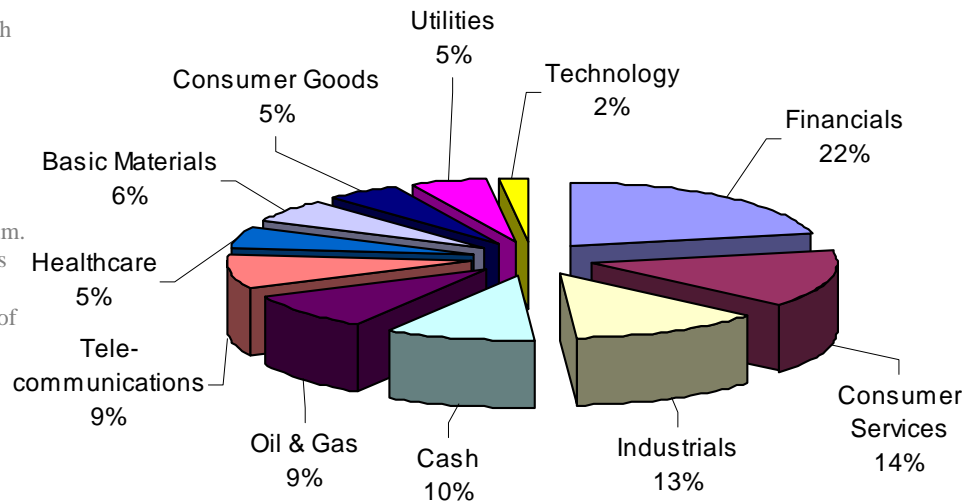
The shares of Electric & General Investment Trust plc ("Electric & General") are offered within the BNP Paribas Electric & General Savings Scheme, ISA and PEP. Further details can be obtained from the Share Saving Scheme section of the Electric & General website on

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

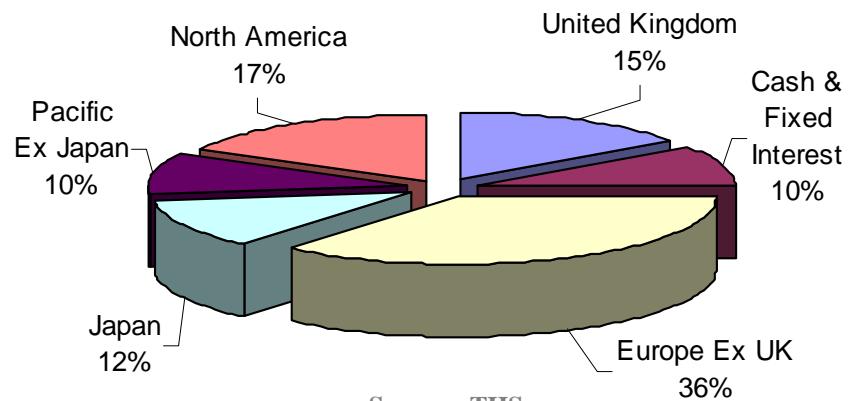
## Important Information

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



## Geographical Allocation



Source: THS