

# Electric & General Investment Trust plc: As at 31.03.08

## International / Equity Growth



### Investment Manager's Commentary

Stock markets weakened further during the month as the credit squeeze continued to unnerve investors. The low point was reached with JP Morgan stepping in to save Bear Stearns. In previous US banking crises once the problem had been understood both the Central Bank and politicians settled down and attacked it with vigour. Europeans sometimes find the openness of the process unnerving as it is done with everybody saying rather loudly what they feel on the subject. A similar thing is happening this time. The Federal Reserve cut 75 basis points off both the Fed Fund Rate and the Discount Rate, having already reduced the Fed Fund Rate by 225 basis points and the Discount Rate by 300 basis points as well as establishing the Term Auction Facility, the Term Security Lending Facility and the Primary Dealer Lending Facility, pledging roughly half its own balance sheet towards improving the functions of the credit market. Hank Paulson, the Treasury Secretary, has been extolling banks who need it to get on and raise new capital and the Administration is passing the necessary legislation for a tax cut for the man in the street. It is interesting to note that, during the month, out of the top ten positive performers six of them were financial stocks. Most of them actually hit their lows early in January this year. In the current environment large financial institutions, which is what we hold, should see margins expand as cheap credit becomes harder, if not impossible, to obtain.

It does look as though global trade is in the process of slowing and we have the interesting spectacle of very strong commodity prices as demand begins to moderate. This shows the strength of underlying demand from the BRICs economies; however, slowing global growth should cause the pressure to ease slightly over the next six months. In China the Communist Party has just elected the equivalent of the Cabinet for the next five years and they have proclaimed that the most pressing problem to be resolved is inflation, which is now running at above 8% per annum. However, food and fuel inflation is running at a far higher rate and this particularly impacts the Chinese peasantry as this is where the bulk of their earnings are spent. The same is also true of India and other developing economies and is becoming a major political problem. In China's case, letting the currency float upwards is one of the few direct ways the economy can be slowed down and this is now beginning to happen. Still on the subject of inflation, the European Central Bank continues to have a tough line and is refusing to cut short term interest rates, which has meant the Euro has continued to appreciate. So far there have been few complaints from European industry about the impact on their competitive position, but opinion polls are beginning to show the consumer is becoming somewhat more cautious. Three new holdings were started during the month in Belgacom, Santos and Toray.

### Top Ten Holdings (as at close 31.03.08)

1	ING GROEP NV CVA EURO.24	2.43%
2	NESTLE SA CHF1 (REGD)	2.14%
3	CARREFOUR EUR2.50	2.06%
4	ANF EUR1	2.00%
5	FRANCE TELECOM EUR4	1.91%
6	NEWCREST MINING AS0.50	1.90%
7	SWISS REINSURANCE CHF0.10	1.90%
8	SNC LAVALIN GROUP COM NPV	1.84%
9	VODAFONE GROUP USD0.11428571	1.79%
10	BNP PARIBAS EUR2	1.68%



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

	March 2008	March 2007	March 2006	March 2005	March 2004
<b>Ordinary Price</b>	-2.87	4.24	28.57	24.10	34.58
<b>NAV</b>	-0.24	6.38	30.40	8.60	24.73
<b>Morgan Stanley Capital International World Index in Sterling</b>	-5.07	4.26	26.67	5.54	23.06

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 31.03.08 (%)

NAV Per Share (P)	Ordinary Share Price (P)		1 Month	YTD	1 Year	3 Year	5 Year	10 Year
452.5	405.50	<b>Ordinary Price</b>	-2.29	-0.06	-2.87	30.18	117.43	17.54
Yield	Discount	<b>NAV</b>	-1.55	3.12	-0.31	38.29	87.32	24.44
1.75%	-10.39%	<b>Morgan Stanley Capital International World Index in Sterling</b>	-0.98	-4.41	-5.83	19.00	53.19	13.54

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:

£302.0m (As at 31.03.08)

### 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

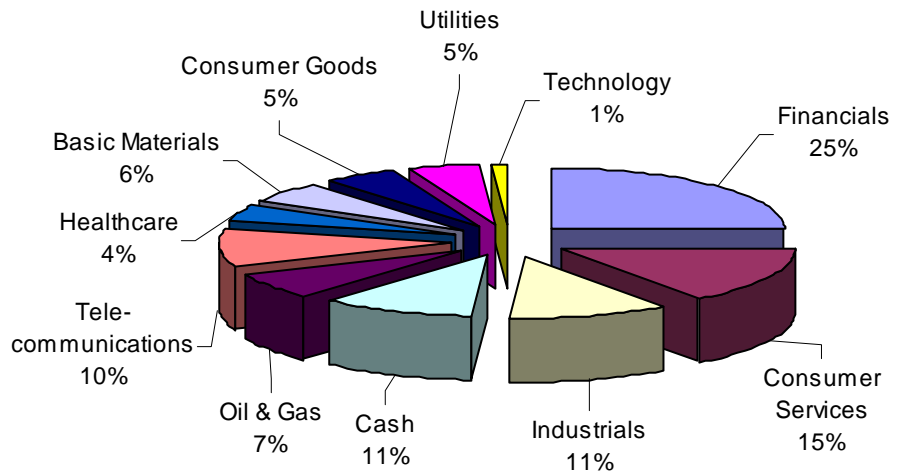
## Wrapped Products

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

