

# Electric & General Investment Trust plc: As at 31.05.08

## International / Equity Growth

### Investment Manager's Commentary



Despite increasing signs of an economic slowdown in Anglo-Saxon countries, world stock markets made progress in May, rising about 4% in the month. The headlines were grabbed by the oil price which spiked at \$135, though by month end most commodities had weakened and the dollar had strengthened. Bank shares remained under pressure as various banks announced rights issues and further asset write-downs. While we remain cautious about economic prospects, valuations have in many markets come back to very attractive levels. Oil and mining stocks were the better performing areas, while property shares and some financials continued to mangle. Early in the month we finished buying a holding in Santos, the Australian Gas company. The shares shot up during the month following British Gas's approach to Origen Energy, another Australian gas player. At the end of the month Petronas, the Malaysian state oil company, bought into Santos's gas interests in Queensland, setting a new high benchmark to value these assets. The shares of Inpex, the Japanese state gas company, and a minority partner in Santos's Western Australian gas assets, have not risen significantly during these transactions so we have started to buy a holding in Inpex. We have started to sell the holding in Addax Petroleum.

We decided to sell the holding in National Australia Bank, which had held up well compared with other banks globally, and reinvest in QBE. QBE is the best run of Australia's three main general insurance companies. They have been one of the darlings of the Australian stock market for some time, but have recently been downgraded along with the global non-life insurers in America and Europe, providing an opportunity to buy the stock at an historically cheap level, a prospective P/E of 10 and a yield of 5.5. We took profits in part of the holding in Deutsche Postbank following a bid approach from Allianz. We added to the holdings in Home Retail, Medicover and Vodafone, which had satisfactory results, and we continue to add to the holding in Q-Cells. In Japan we have continued to buy a holding in Toray, the carbon fibre maker, but we have also started selling Bank of Kyoto, which again has proven a very defensive bank holding over the recent credit crunch, but whose defensive rating is no longer different from banks with better long-term growth potential. We have written down the value of Education Media by about 20%. This is a small position in the fund which we mark to market when there is a trade in the stock, which happens infrequently.

### Top Ten Holdings

(as at close 31.05.08)

1	ING GROEP NV CVA EUR0.24	2.40%
2	SNC LAVALIN GROUP COM NPV CAD	2.37%
3	NESTLE SA CHF1 (REGD)	2.04%
4	ROYAL DUTCH SHELL EUR0.07 'B' SHS(UK LIST)	2.01%
5	VODAFONE GROUP USD0.11428571	1.96%
6	ELECTRICITE DE FRANCE EUR0.5	1.95%
7	HUTCHISON WHAMPOA HKD0.25	1.87%
8	NEWCREST MINING AS0.50	1.81%
9	CARREFOUR EUR2.50	1.81%
10	ALCOA INC COM USD1	1.77%

NAV per share Performance 01.05.05 (rebased to £100) to 31.05.08



Source: Bloomberg

### 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 31.05.08 (%)

NAV Per Share (P)	Ordinary Share Price (P)		1 Month	YTD	1 Year	3 Year	5 Year	10 Year
472.99	422.50	<b>Ordinary Price</b>	2.18	-0.47	-2.54	38.98	97.43	17.93
Yield	Discount	<b>NAV</b>	2.16	-2.83	-1.76	44.50	77.86	24.86
1.74%	-10.67%	<b>Morgan Stanley Capital International World Index in Sterling</b>	1.33	-3.64	-5.75	22.62	46.86	18.23

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:

£316.0m (As at 31.05.08)

### 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

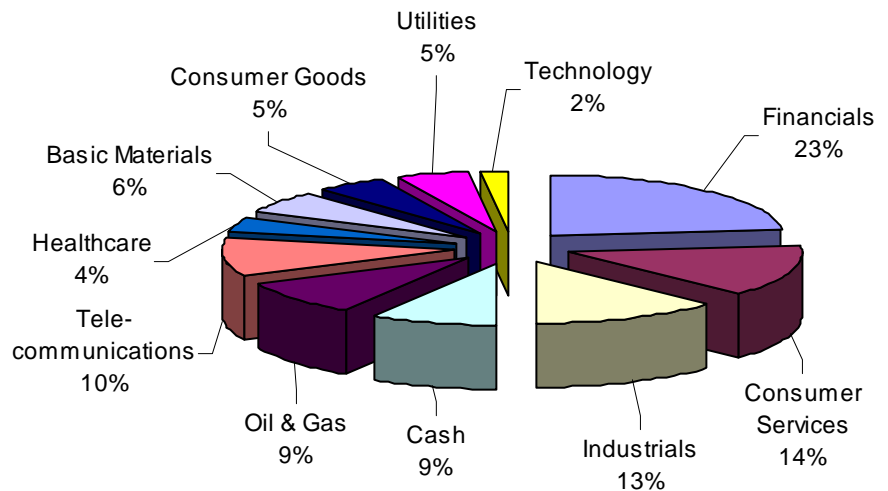
## Wrapped Products

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

