

Electric & General Investment Trust plc: As at 31.05.09

International / Equity Growth

Investment Manager's Commentary

The equity market rally continued into May, but as the month wore on, the rate of increase slowed as people paused for breath and started to consider the amount of government debt that is going to have to be issued globally over the next few years. Standard & Poors putting the UK on negative watch for its AAA credit rating has forced people to concentrate on the problem. Questions are now being asked whether the US's AAA credit rating could also come under threat, and this may have wide ranging consequences, the Dollar being the world's reserve currency where many governments keep their surpluses. There is a fear that over time the US will monetise its debt and inflation will take hold. In consequence the Dollar has given up quite a lot of its recent gains. In Sterling terms, there has been an 8.96% move over the month. Part of this has been Sterling continuing to recover from a very oversold position, but most of it is about Dollar weakness – Sterling appreciated 2.62% against the Euro over the same time period. The debate about how governments are going to fund their ballooning deficits will be one of the most important themes over the next few years, and the outcome will be important to the eventual speed and duration of any recovery in the global economy. During May, the Investment Manager initiated positions in Potash Corp of Saskatchewan and Bunge, both of which operate in the global food sector. Two of the Investment Manager's investment themes are the ongoing growth in

emerging market economies and that of changing demographics. World population growth of around 1% a year and increased demand for protein from the growing middle class of the emerging world will lead to increased demand for grain. These levels of growth will require an extra 260m acres of arable land to be cultivated by 2030 – equivalent to the amount of farmland devoted to corn and soybeans in the US, Brazil and Argentina today. Meat is a less efficient medium for calories than a vegetarian diet: one calorie of beef, pork or chicken respectively requires seven, four and two calories of grain feed. In turn, this requires yields on existing arable land to rise, and for the greater processing and transport of grains from the best arable areas – largely on the American continent – to other parts of the world. These two investments in their different ways should expose us to these long term growth trends. The Investment Manager continues to build up positions in Niko Resources and Prudential, and participated in a Rights Issue for Santos, the Australian gas company. Last month, the Investment Manager wrote about a new holding in Addax Petroleum. Unfortunately the price ran away and some stock was sold at the higher levels, but the Investment Manager is likely to start buying again when the price comes down.

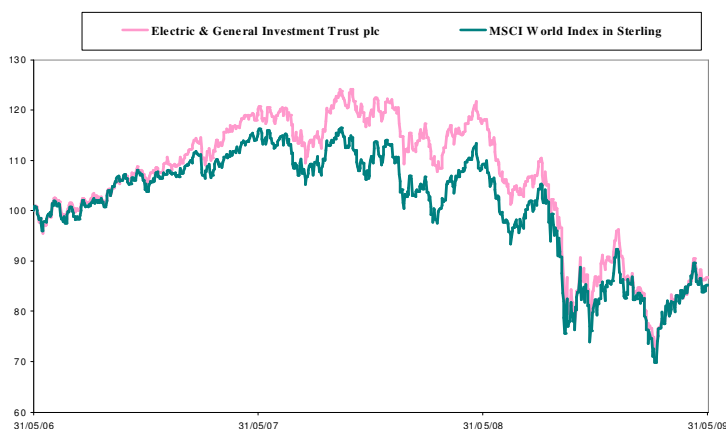


Source: THS Partners

Top Ten Holdings (as at close 31.05.09)

1	NESTLE SA CHF1 (REGD)	2.68%
2	SNC LAVALIN GROUP COM NPV CAD	2.62%
3	HUTCHISON WHAMPOA HKD0.25	2.43%
4	FRANCE TELECOM EUR4	2.39%
5	ROYAL DUTCH SHELL EUR0.07 B SHS	2.32%
6	HSBC HOLDINGS PLC ORD USD0.50	2.09%
7	CARREFOUR EUR2.50	2.06%
8	NEWCREST MINING A\$0.50	2.04%
9	VODAFONE GROUP USD0.11428571	2.03%
10	ANF EUR1	2.03%

NAV per Share Performance 01.06.06 (rebased to £100) to 31.05.09



Source: Bloomberg

Discrete Annual Performance (%) 12 Months Ending

	March 2009	March 2008	March 2007	March 2006	March 2005
Ordinary Price	-30.21	-2.87	4.24	28.57	24.10
NAV	-29.15	-0.24	6.38	30.40	8.60
Morgan Stanley Capital International World Index in Sterling	-22.17	-5.07	4.26	26.67	5.54

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 31.05.09 (%)

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 %
347.55	354.28	314.00	Ordinary Price	2.78	-3.09	-25.68	-16.82	28.23	-9.12
Yield	Discount	NAV		0.93	-7.82	-26.53	-13.27	19.25	-10.94
2.49%	-9.65%	Morgan Stanley Capital International World Index in Sterling		-0.19	-6.02	-22.09	-14.87	5.78	-18.75

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 maximise 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:

£234.0m (As at 31.05.09)

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

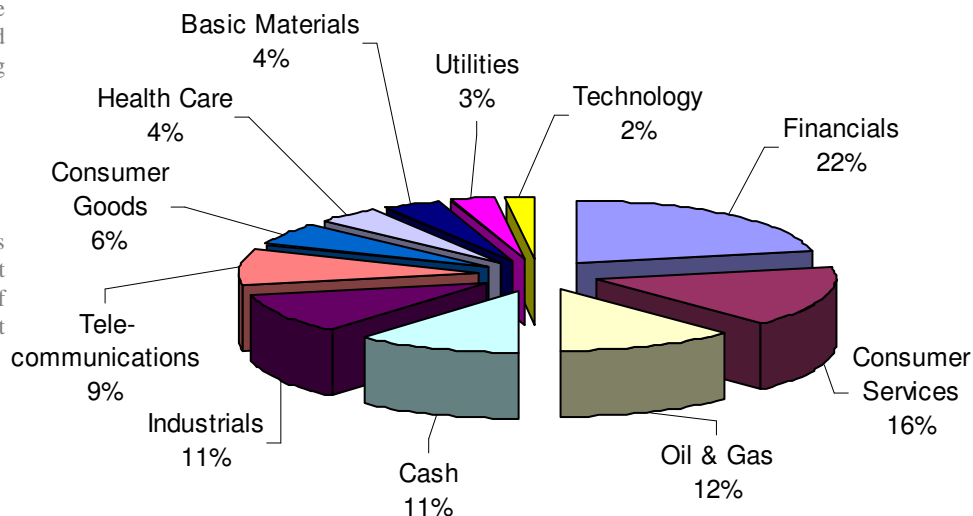
Administrator:

BNP Paribas Securities Services

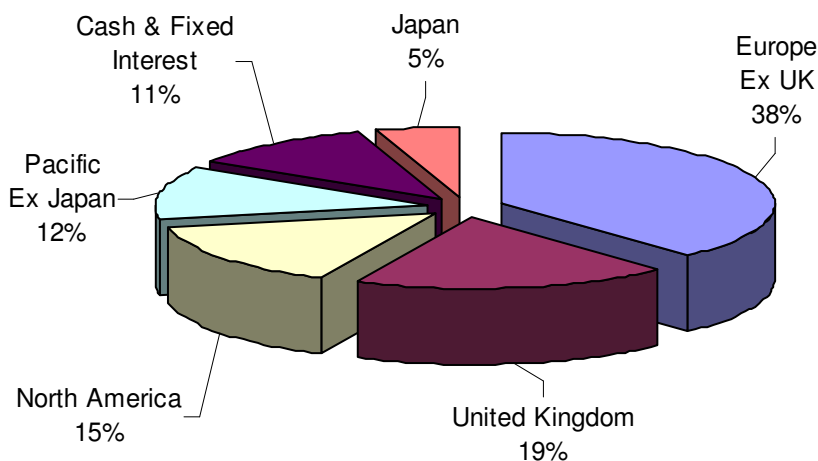
Registrar:

Computershare Investor Services PLC

Sector Allocation



Geographical Allocation



Source: THS

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).