



Electric & General Investment Fund

Annual Report including long form financial statements
for the year ended 30 June 2020

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Authorised status

The Electric & General Investment Fund (the 'Company'/the 'Fund') is an investment company with variable capital (ICVC) under regulation 12 (Authorisation) of the Open-Ended Investment Companies Regulations 2001 and is managed in accordance with the Financial Conduct Authority's (FCA) Collective Investment Schemes sourcebook (COLL).

The Electric & General Investment Fund is a UCITS Scheme which complies with the requirement of the FCA 'COLL Rules', including the investment and borrowing powers in Chapter 5.

Shareholders are not liable for the debts of the Company.

Fund information

Investment objective and policy

The Company's investment objective is to seek to achieve long term (at least five years) capital growth with some potential for income.

To achieve the investment objective, the Company's investment policy is to invest principally (at least 80%) in a portfolio of global equities, and may also invest in other transferable securities, bonds (both corporate and government debt securities), collective investment schemes ('CIS'), warrants, money market instruments, cash, near cash and deposits. The Company may borrow and may enter into underwriting arrangements. It is the ACD's intention that derivatives and forward currency transactions will only be used for the purposes of efficient portfolio management, including hedging, as defined by the Regulations.

The Company is actively managed and has, with the exception of the above noted minimum, no limit to which it can be invested in each sector or asset type, nor is there any particular geographic focus. The Portfolio Manager has full flexibility to adjust the proportion of the property of the Company depending on their view of market conditions and the assets which it believes are most likely to achieve the Company's investment objective. From time to time the liquidity of the Company may be increased substantially if judged to be in the interests of investors.

The Company may invest in CIS which have different investment strategies or restrictions than the Company, including the ability to invest in derivatives for investment purposes and to gain exposure to assets which are not expressly listed above. Investment in CIS will usually be limited to those which invest primarily in the assets listed above and without exception, CIS will only be held in so far as the rules permit the Company to gain exposure to the assets held by those CIS.

A Glossary of Definitions which provides definitions to some of the technical language used in this document is available from www.carvetian.com/policies.

The Company benefits from a board of Independent Directors whose duties include the oversight of key elements of the Company's operation.

Comparator benchmark

To gauge the relative performance of the Fund, Shareholders may compare the Fund's performance against the Investment Association's Global Sector. This is not a performance target nor constrains the way in which the Fund is managed. For further information on the Sector and its intended use, please refer to the Fund's Prospectus.

Fund information

continued

Target market

Electric & General Investment Fund may be suitable for all eligible investors (be they retail clients, professional clients or eligible counterparties, each as defined in glossary to the UK Financial Conduct Authorities Handbook of Rules and Guidance) who are seeking long-term capital growth with some potential for income by investing principally in a portfolio of global equities, provided they can meet any minimum age and minimum investment amounts. Financial experience is not considered a necessity. However, investors must at least understand a product where capital is at risk and have the capacity to bear losses (possibly total) on their original investment, accepting risk to their capital.

The Fund may be suitable as a component of a portfolio and for investors who are looking to set aside their capital for the long term (at least five years), though shares may be redeemed on a daily basis.

The risk and reward profile for the Fund is set out in the Key Investor Information Document(s) for the Fund.

Any investor should be willing to accept price fluctuations.

Electric & General Investment Fund is unlikely to be compatible with the requirements of an investor:

- investors looking for guaranteed income or return;
- seeking full capital protection;
- who does not have sufficient resources to bear any loss resulting from the investment;
- who is not able to evaluate the risks and merits of the Fund; and/or
- with a short-term (less than five years) investment horizon

Investment manager

The investment manager to the Fund is Troy Asset Management Limited.

Investment manager fee

The investment manager, Troy Asset Management Limited, receives for its own account a periodic fee of 0.60% per annum.

If the Fund invests in a collective investment scheme operated by the above management group, then the Fund will receive rebates of any management fees on these investments or pay a reduced investment management fee to reflect this.

Distribution

All shareholders own income shares, which entitle them to a share in any distribution made by the Company. Normal distribution dates are the last day of February and 31 August for income accrued as at 31 December and 30 June respectively.

Future distributions may fluctuate depending on the mix of assets over any specific reporting period.

Authorised Corporate Director's fee

The annual fee due to the Authorised Corporate Director is 0.04% per annum.

New accumulation share class

A new accumulation share class was launched on 16 October 2019.

Important information

To reduce costs and paper consumption the short form is no longer completed. The long form accounts can be requested free of charge from the ACD.

Investment manager's report for the year ending 30 June 2020

Portfolio review

The Fund's satisfactory returns for the last 12 months belie a tumultuous second half of the year for global equity markets. Whilst in no way did we anticipate the global pandemic, the Fund was relatively resilient as markets fell. This is consistent with Troy's investment process which aims at long-term capital growth in part by trying to avoid the worst of the big losses that are a regular feature of investing in equities. It does so by preferring businesses that sell essential products and services all around the world, and by avoiding those capital-intensive sectors that are highly sensitive to economic cycles. This means that the Fund is not invested in areas such as energy, industrials and transportation that were devastated by the oil price shock and containment of the pandemic. The companies in the Fund also generate extraordinary amounts of excess cash whilst maintaining solid balance sheets. They are typically the global leaders in what they do. Smaller companies, marginal business models or very high financial leverage – always more exposed to a crisis – have no place in the portfolio. These features have combined to shield the Fund as we entered a period of broad-based economic distress.

A defining feature of the pandemic has been to accelerate many pre-existing trends towards a digital service economy. Remote working and e-commerce have been adopted as a matter of necessity, increasing demand for business software, digital advertising and digital payments. As a result, the largest contributors to the Fund's annual returns include Microsoft, PayPal, Alphabet and Intuit. The pandemic is, of course, primarily a health crisis. Roche, a world leader in diagnostics testing, was another major contributor to the Fund's returns.

The detractors to the Fund's performance are those companies most negatively exposed to measures taken to manage the crisis. They include Wells Fargo and American Express, both vulnerable to deteriorating credit conditions. Diageo, Heineken and Unilever have also suffered from restrictions placed on the purchase of food and beverages in certain retail channels.

Dividend

The Fund will provisionally pay holders of its Income share class a final dividend of 1.62 pence per share, giving a total dividend for the year ending 30 June 2020 of 2.70 pence per share. This total dividend is approximately -10% below 2019's distribution. As previously communicated, a lower dividend is consistent with Troy's deliberate emphasis on capital growth to achieve the Fund's overall results. It bears repeating that in the last year, and over the past five years, a very substantial proportion of the Fund's performance was achieved by investing in companies that pay low or no dividends. Whilst remaining sensitive to the Fund's income generation, we continue to believe it is essential to retain the flexibility to invest in companies which offer the most attractive prospective returns over the long term, regardless of whether or not they pay their shareholders a dividend.

Portfolio activity

This was a relatively busy year for the Fund with three new investments and five outright sales. The Fund ended the year with 29 holdings.

Investors are invited to refer to the Fund's 2020 Interim Report for commentary about the Fund's disposal of investments in Japan Tobacco and Sage, and the reduction in the investment in eBay. Therein the initial investments in Agilent Technologies and Mastercard are also discussed.

The remaining shareholding in Coca-Cola ('Coke') was sold in January as we felt the valuation of the business had risen to a level that did not reflect the various financial, social and environmental risks facing its operations. The timing of the sale was fortuitous as social distancing measures subsequently closed down many restaurants, bars and shops where Coke's products are sold.

The Fund's remaining shares in Procter & Gamble ('P&G') were also sold. Similar to Coke, P&G's shares had performed well in the last few years in response to clear signs of operational progress. The boost to sales from the stockpiling of household products during the pandemic provided the opportunity to sell the shares at a high valuation.

Investment manager's report
for the year ending 30 June 2020
continued

We exited Wells Fargo and made further reductions to the Fund's tobacco investments. These companies face near and longer-term challenges and it has become more important than ever to focus the Fund's capital in areas where we have greatest conviction. The investment in Visa was increased. The holding in Microsoft has performed very well and was trimmed, but the company remains the Fund's single biggest investment.

Volatility in April provided an opportunity to begin a holding in S&P Global ('S&P'), a company Troy has followed and admired for many years. The company is a highly profitable collection of unique data and analytics businesses, spanning bonds, equities and commodities.

Outlook

The economic impact of the pandemic has been met by enormous fiscal and monetary stimulus, and takes place against a backdrop of technological and social upheaval. Markets have recovered a long way and yet the virus is still with us and its economic cost is still being counted. Despite this uncertainty we note the Fund's resilience in adversity, derived from a tight collection of exceptionally productive companies that are indispensable suppliers to their customers. They have the flexibility, diversity and resources to adapt to their changed circumstances and we observe them investing to reinforce their competitive positions. The underlying trends sustaining their long-term growth have not gone away. If anything, many of them have grown stronger.

Troy Asset Management Limited
17 July 2020

Net asset value per share, price record and comparative tables

Change in net asset value per share

All prices quoted are based on bid price

	Year ended 30 June 2020 p	Income shares Year ended 30 June 2019 p	Year ended 30 June 2018 p	Accumulation shares** Period ended 30 June 2020 p
Opening net asset value per share	226.21	190.39	191.58	226.21
Return before operating charges†	25.72	40.91	3.39	25.83
Operating charges	(2.25)	(2.10)	(2.13)	(2.26)
Return after operating charges†	23.47	38.81	1.26	23.57
Distributions on income shares				
Interim	(1.08)	(1.14)	(1.01)	n/a
Final	(1.62)	(1.85)	(1.44)	n/a
Total distributions on income shares	(2.70)	(2.99)	(2.45)	n/a
Closing net asset value per share	246.98	226.21	190.39	249.78
Retained distributions on accumulation shares				
Interim	n/a	n/a	n/a	1.08
Final	n/a	n/a	n/a	1.62
†after direct transaction charges of	0.03	0.01	0.03	0.03

Performance

Return after operating charges	10.4%	20.4%	0.6%	10.4%
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Other information

Closing net asset value (NAV)	£108,664,763	£104,076,132	£92,729,789	£975,735
Closing number of shares	43,997,947	46,008,810	48,704,745	390,638
Operating charges	0.97%	1.03%	1.12%	0.97%
Direct transaction charges	0.01%	0.01%	0.01%	0.01%

Prices (p)*

Highest	251.90	231.00	198.10	253.20
Lowest	196.40	187.00	174.10	197.30

*Accumulation shares from launch date 16/10/2019.

** First accounting period of accumulation shares and consequently there are no prior period comparatives.

KIID risk and reward profile

The numerical risk and reward indicator as published in the latest Key Investor Information Document (KIID) is a rating of 5 for both the income and accumulation share class (2019: category 5 for the income class). The share class is ranked in risk category 5 as funds of this type have experienced above average rises and falls historically.

For more information on the Fund risk and reward profile please refer to the most up to date KIID which is available from the Authorised Corporate Director or at www.yealand.com.

Value assessment report

We are required to undertake a formal review of the Fund in order to assess the value which Shareholders are receiving from their investments. This assessment considers elements such as the fees which are paid, the quality of services provided and the investment performance obtained. We are required to publish a report which summarises the outcome of the review and, if relevant, to take steps to address any instances of poor value. We publish a single value assessment report covering all our funds by 31 January each year. Copies of these reports can be obtained from <https://carvetian.com/policies/>.

Statement of the Authorised Corporate Director's responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ('the COLL Rules') require the Authorised Corporate Director ('ACD') to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund and of the net income and net gains or losses on the property of the Fund for the period.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Fund and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Fund in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

Approval of the annual report by the Authorised Corporate Director

In accordance with the requirements of a UCITS which complies with the requirements of the FCA COLL as per COLL 4.5.8B R, we hereby certify the report on behalf of Carvetian Capital Management Limited for the year ended 30 June 2020.

Laura Russell-Young
On behalf of Carvetian Capital Management Limited,
the Authorised Corporate Director
28 August 2020

Gerry Aherne (Chairman)
On behalf of Independent Directors
of Electric & General Investment Fund.
28 August 2020

Statement of the Depositary's responsibilities and report of the Depositary to the Shareholders of Electric & General Investment Fund (the 'Company') for the year ended 30 June 2020

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ('the AFM') are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- I. has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- II. has observed the investment and borrowing powers and restrictions applicable to the Company.

*NatWest Trustee and Depositary Services Limited
28 August 2020*

Independent auditor's report to the shareholders of Electric & General Investment Fund (the 'Fund')

Opinion

We have audited the financial statements of Electric & General Investment Fund ('the Fund'), for the year ending 30 June 2020 which comprise the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the Statement of Total Return, the related notes and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Association (the 'Statement of Recommended Practice for Authorised Funds').

This report is made solely to the shareholders of the fund, as a body, in accordance with Rule 4.5.12 of the Collective Investment Scheme Sourcebook (COLL) of the Financial Conduct Authority (FCA).

Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the fund and the fund's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Fund's affairs as at 30 June 2020 and of the net income and net capital gains on the property of the Fund for the year then ended;
- have been properly prepared in accordance with the Prospectus, the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority and United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the ACD's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the ACD have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material

Independent auditor's report to the shareholders of Electric & General Investment Fund (the 'Fund') (continued)

misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Fund Manager's report and the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Fund Manager's report and the ACD's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the fund and its environment obtained in the course of the audit, we have not identified material misstatements in the Fund Manager's report or the ACD's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of ACD remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Authorised Corporate Director

As explained more fully in the ACD's responsibilities statement, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

Independent auditor’s report to the shareholders of Electric & General Investment Fund (the ‘Fund’)
(continued)

-
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the ACD.
 - Conclude on the appropriateness of the ACD’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Robert Wood
Senior Statutory Auditor
For and on behalf of
Shipleys LLP
Chartered accountant & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ
28 August 2020*

Portfolio statement
 as at 30 June 2020

Investment	Holding	Market value £	% of total net assets
EQUITIES - 96.51% (99.19%)			
Europe (ex UK) - 19.47% (18.85%)			
France - 1.42% (1.29%)			
L'Oréal	6,000	1,552,947	1.42
Netherlands - 2.52% (3.31%)			
Heineken Holding	41,600	2,759,636	2.52
Switzerland - 15.53% (14.25%)			
Alcon	27,548	1,275,399	1.17
Nestlé	50,500	4,504,850	4.11
Novartis	72,300	5,075,132	4.63
Roche Holding	22,050	6,164,385	5.62
		<u>17,019,766</u>	<u>15.53</u>
Total Europe (ex UK)		<u>21,332,349</u>	<u>19.47</u>
Japan - 0.00% (0.95%)			
North America - 62.63% (62.81%)			
Agilent Technologies	41,225	2,937,636	2.68
Alphabet 'A'	5,200	5,947,381	5.42
Altria Group	33,744	1,067,964	0.97
American Express Company	64,200	4,926,393	4.49
Becton Dickinson & Company	20,400	3,936,196	3.59
Colgate-Palmolive	55,000	3,248,941	2.96
eBay	38,000	1,606,307	1.47
Fiserv	34,532	2,718,888	2.48
Intuit	20,500	4,896,125	4.47
Johnson & Johnson	14,213	1,612,110	1.47
Mastercard 'A'	8,200	1,955,672	1.78
Medtronic	56,532	4,181,138	3.81
Microsoft	63,400	10,403,971	9.49
PayPal Holdings	63,000	8,851,047	8.07
PepsiCo	19,924	2,123,930	1.94
Philip Morris International	43,580	2,462,568	2.25
S&P Global	5,650	1,501,441	1.37
Visa 'A'	27,568	4,295,125	3.92
		<u>68,672,833</u>	<u>62.63</u>

Portfolio statement

as at 30 June 2020

continued

Investment	Holding	Market value £	% of total net assets
United Kingdom - 14.41% (16.58%)			
British American Tobacco	78,453	2,435,573	2.22
Diageo	78,000	2,091,570	1.91
Experian	167,000	4,707,730	4.29
Reckitt Benckiser Group	31,000	2,303,920	2.10
Unilever	98,000	4,267,900	3.89
		<u>15,806,693</u>	<u>14.41</u>
TOTAL EQUITIES		<u>105,811,875</u>	<u>96.51</u>
Portfolio of investments		105,811,875	96.51
Net other assets		<u>3,828,623</u>	<u>3.49</u>
Net Assets		<u>109,640,498</u>	<u>100.00</u>
Summary portfolio of investments		Market value £	% of Investments
Equities		<u>105,811,875</u>	<u>100.00</u>
Portfolio of investments		<u>105,811,875</u>	<u>100.00</u>

Figures in brackets refer to the proportion of the Fund invested in the equivalent investments as at 30 June 2019.

All investments are in ordinary stocks and shares except where otherwise stated.

Summary of major portfolio changes

The total purchases and top ten sales for the reporting period

Purchases	Cost £'000	Sales	Proceeds £'000
Agilent Technologies	2,470	The Coca-Cola Company	2,421
Mastercard 'A'	1,764	Procter & Gamble	1,889
Visa 'A'	1,428	eBay	1,826
S&P Global	1,425	Wells Fargo & Co	1,726
Alcon	669	Microsoft	1,365
Novartis	471	Altria Group	1,238
American Express Company	229	The Sage Group	1,067
		Japan Tobacco	992
		Fiserv	932
		Nestlé	473

Statement of total return
for the year ending 30 June 2020

		30 June 2020		30 June 2019	
	Note	£	£	£	£
Income					
Net capital gains	4		9,613,939		17,234,218
Revenue	6	2,106,802		2,260,113	
Expenses	7	(1,017,181)		(994,724)	
Interest payable and similar charges	9	(46)		(27)	
Net revenue before taxation		1,089,575		1,265,362	
Taxation	8	(299,145)		(273,518)	
Net revenue after taxation			790,430		991,844
Total return before distributions			10,404,369		18,226,062
Distributions	9		(1,210,117)		(1,409,457)
Change in net assets attributable to shareholders from investment activities			9,194,252		16,816,605

Statement of change in net assets attributable to shareholders
for the year ending 30 June 2020

		30 June 2020		30 June 2019	
		£	£	£	£
Opening net assets attributable to shareholders			104,076,132		92,729,789
Amounts receivable on issue of shares		3,908,453		2,884,397	
Amounts payable on cancellation of shares		(7,548,675)		(8,354,659)	
			(3,640,222)		(5,470,262)
Change in net assets attributable to shareholders from investment activities (see above)			9,194,252		16,816,605
Retained distribution on accumulation shares			10,336		-
Closing net assets attributable to shareholders			109,640,498		104,076,132

Balance sheet
as at 30 June 2020

	Note	30 June 2020 £	30 June 2019 £
Assets:			
Investments		105,811,875	103,234,207
Current assets:			
Debtors	10	140,199	218,403
Cash and bank balances		4,483,875	1,566,156
		<u>4,624,074</u>	<u>1,784,559</u>
Total assets		<u>110,435,949</u>	<u>105,018,766</u>
Liabilities:			
Provisions for liabilities:			
Net distributions payable on income shares		(712,635)	(852,221)
Creditors	11	(82,816)	(90,413)
		<u>(795,451)</u>	<u>(942,634)</u>
Total liabilities		<u>(795,451)</u>	<u>(942,634)</u>
Net assets attributable to shareholders		<u>109,640,498</u>	<u>104,076,132</u>

Notes to the financial statements

as at 30 June 2020

1. Accounting policies

A. Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by The Investment Association (IA) in May 2014, updated June 2017.

Where applicable a balance sheet item line is included for cash and cash equivalent investments. Whereby, representing highly liquid cash investments held in the base currency of the Fund, that are readily convertible to a known amount of cash, and are subject to an insignificant risk of change.

The ACD is confident that the Company will continue in operation for the foreseeable future. The Company has adequate financial resources and its assets consist of securities which are readily realisable. As such, the financial statements have been prepared on a going concern basis.

The base currency of the Company is Sterling and is taken to be the 'functional currency' of the Company.

B. Valuation of investments

Listed investments are valued at bid market value at 23:59 on the balance sheet date net of any accrued interest which is included in the balance sheet as an income related item. Collective investment schemes are valued at quoted bid prices for dual priced funds and at quoted prices for single priced funds, on the last business day of the accounting period. Unlisted or suspended investments are valued by the Investment Manager taking into account, where appropriate, latest dealing prices, valuations from independent reliable sources, financial performance and other relevant factors.

C. Foreign exchange

Transactions in foreign currencies are recorded in Sterling at the rate ruling at the date of the transactions.

Assets and liabilities denominated in overseas currencies have been translated into Sterling at the rates of exchange ruling at 23:59 on the last business day of the accounting period. Exchange rate differences arising on the translation are recognised in the statement of total return for the year.

D. Financial derivative instruments

- I. Currency contracts and options - Spot and forward currency contracts and options are marked to market daily and the change in value is recorded as an unrealised gain or loss. Realised gains or losses, equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed, are recorded upon delivery or receipt of the currency or, if a spot or forward currency contract is offset by entering into another spot or forward currency contract with the same broker, upon settlement of the net gain or loss.
- II. Futures contracts - Futures contracts are marked to market daily and an appropriate gain or loss for the change in value ('variation margin') is recorded by the Fund as realised.
- III. Options - Options are marked to market daily and an appropriate gain or loss for the change in value ('variation margin') is recorded by the Fund as realised.
- IV. Efficient portfolio management - Where appropriate, certain permitted transactions such as derivatives or forward currency transactions are used for efficient management. Where such transactions are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in 'Revenue' or 'Expenses' in the statement of total return. Where such transactions are used to protect or enhance capital, the gains and losses derived therefrom are included in 'Net capital gains' in the statement of total return. Any positions on such transactions open at the period end are reflected in the balance sheet at their mark to market value.

E. Revenue

Dividends from quoted equity and non-equity shares are recognised net of attributable tax credits when the security is quoted ex-dividend. Overseas dividends received after the deduction of withholding tax are shown gross of taxation, with the taxation consequences shown within the tax charge. Dividends are recognised as either revenue or capital depending upon the nature and circumstances of the dividend receivable.

Notes to the financial statements

as at 30 June 2020

continued

E. Revenue - continued

Revenue from unquoted equity investments is recognised when the dividend is declared.

Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment and is treated as revenue. The effective yield basis amortises or accretes any discount or premium on the purchase of an investment over its remaining life based on estimated future cashflow. Any adjustments resulting from changes in cashflow estimates are treated as capital.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the scheme and does not form part of the distributable income. Deemed distributions and reportable income from offshore funds are calculated and are included in revenue. Rebates of annual management charges (AMC rebates) from underlying funds are accounted for on an accruals basis and are recognised as revenue or capital in line with the distribution policies of the underlying funds.

Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Fund is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares. The ordinary element of stocks received in lieu of cash dividends are recognised as revenue of the Fund. Any enhancement above the cash dividend is treated as capital. Interest on bank and other cash deposits is recognised on an accruals basis.

F. Expenses

For accounting purposes, all expenses (other than those relating to the purchase and sale of investments) are charged against revenue for the year on an accruals basis, with the exception of the investment manager's fee which is charged two thirds to capital for the purpose of determining the distribution.

G. Directors' and Officers' Liability Insurance

Directors' and Officers' Liability insurance cover is held by the Company in respect of the Directors and is renewed annually.

H. Policy on Director's Remuneration

The Company's policy is for the Independent Directors to be remunerated in the form of fees payable immediately after each quarter end.

I. Taxation

Provision is made for corporation tax at the current rate on the excess of taxable revenue over allowable expenses. Provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset.

Offshore income gains from funds, without reporting status, are liable to corporation tax at 20% and any resulting charge is deducted from capital.

J. Deferred taxation

Deferred taxation is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences regarded as permanent. Any liability to deferred taxation is provided for at the average rate of taxation expected to apply, based on tax rates substantially enacted by the balance sheet date.

A deferred tax asset is recognised to the extent that it is expected to be utilised, based on the likelihood of taxable profits arising in the next twelve month period from which the future reversal of timing differences could be deducted.

Deferred tax assets and liabilities are not discounted to reflect the time value of money, unless material.

Notes to the financial statements

as at 30 June 2020

continued

2. Distribution policy

The Fund will distribute all revenue disclosed in the financial statements (less expenses and taxation) subject to an adjustment for other expenses deemed to be of a capital nature. Should expenses and taxation exceed revenue, there will be no distribution and the shortfall will be met from capital.

Income earned in an interim accounting period may not all be distributed immediately but retained and used to ensure that distributions paid throughout the year are broadly similar. This policy is known as 'smoothing'.

Interim distributions may be made at the ACD's discretion.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the Fund.

3. Risk management policies

In pursuing its investment objective the Fund holds a number of financial instruments. These comprise equity, fixed income securities, foreign currency contracts and cash.

Short-term debtors and creditors that arise directly from its operations are not considered financial instruments.

The main risks arising from the Fund's financial instruments are market price, currency and interest rate risks. The ACD reviews (and agrees with the Depositary) policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the year to which these financial statements relate.

Shares in the Fund should generally be regarded as long term investments.

- I. Market risk – Arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of adverse price movements. The ACD meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the investment objective. The ACD has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.
- II. Foreign currency risk – A portion of the Fund's assets and income are denominated in currencies other than Sterling, which is the currency of shares in the Fund. The income and capital value of the Fund's investments can be significantly affected by foreign currency translation movements. The principal area where foreign currency risk could impact the Fund is movement in exchange rates affecting the value of investments. The ACD has the responsibility for monitoring the foreign currency risk of the Fund and does this by reviewing the underlying exposure to foreign currencies on the security holdings and cash positions. Where it is considered necessary the manager will use forward foreign currency contracts to reduce the risk to this underlying foreign currency exposure. The purpose of any forward foreign currency contract is to manage the currency risk arising from the Fund's investment activities. Open positions, which are all covered, are included in the net current assets attributable to shareholders as shown in the balance sheet. Numerical disclosure of the foreign currency risk profile is made in note 15 of the notes to the financial statements.
- III. Interest rate risk – The risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in the interest rate environment, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of income receivable from fixed interest securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Numerical disclosure of the interest rate risk profile is made in note 15 of the notes to the financial statements.

Notes to the financial statements

as at 30 June 2020

continued

3. Risk management policies - continued

- IV. Liquidity risk – The Fund’s assets comprise mainly readily realisable securities, which can be readily sold. The main liability of the Fund is the redemption of any shares that investors may wish to sell.
- V. Credit risk – Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its responsibilities.
The Fund minimises this risk by conducting trades through reputable counter parties.
- VI. Fair value – There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

	Year ended 30 June 2020 £	Year ended 30 June 2019 £
4 Net capital gains		
The net capital gains on investments during the period comprise:		
Non derivative securities	9,616,255	17,235,790
Transaction charges	(2,316)	(1,572)
Net capital gains on investments	<u>9,613,939</u>	<u>17,234,218</u>
5 Portfolio Transaction costs		
Analysis of purchases		
Equities		
Net purchase cost	8,456,008	2,239,058
Commissions	3,355	823
% net purchase cost		
Commissions	0.04	0.04
Total purchases after commissions and tax	<u>8,456,008</u>	<u>2,239,058</u>
Analysis of sales		
Equities		
Net sale proceeds	15,460,764	7,017,294
Commissions	7,069	3,548
Taxes	-	-
% net sale proceeds		
Commissions	0.05	0.05
Taxes	-	-
Total sales after commissions and tax	<u>15,460,764</u>	<u>7,017,294</u>
Commission % of average NAV	0.01	0.00
Taxes % of average NAV	-	-

Notes to the financial statements

as at 30 June 2020

continued

	Year ended 30 June 2020 £	Year ended 30 June 2019 £
6 Revenue		
UK franked dividends	449,372	453,703
Non taxable overseas dividends	1,657,430	1,806,410
	<u>2,106,802</u>	<u>2,260,113</u>
7 Expenses		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	41,917	35,570
Administration fees	103,089	97,930
Independent Directors' emoluments	132,075	124,615
Price publication fees	750	750
Registration fees	38,359	36,939
	<u>316,190</u>	<u>295,804</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	34,432	32,110
Safe custody fees	7,078	5,492
	<u>41,510</u>	<u>37,602</u>
Other expenses		
Audit fees	9,207	9,790
Directors and officers liability insurance	6,117	5,128
Investment manager fees	629,736	629,337
Legal and professional fees	78	101
Price publication fees	9,447	12,164
Printing and publication costs	4,806	4,697
Regulatory fees	90	101
	<u>659,481</u>	<u>661,318</u>
Total expenses	<u>1,017,181</u>	<u>994,724</u>

Notes to the financial statements

as at 30 June 2020

continued

	Year ended 30 June 2020 £	Year ended 30 June 2019 £
8 Taxation		
a. Analysis of the tax charge for the period		
Overseas withholding tax	299,145	273,518
Current tax charge (note 8b)	299,145	273,518
Total tax charge	<u>299,145</u>	<u>273,518</u>
<i>Corporation tax has been provided at a rate of 20%.</i>		
b. Factors affecting the tax charge for the period		
Net revenue before taxation	<u>1,089,575</u>	<u>1,265,362</u>
<i>The tax charged for the period is lower than the standard 20% rate of corporation tax applicable to open ended investment companies (OEICs). The differences are explained below:</i>		
Corporation tax at 20% thereon (2019: 20%):	217,915	253,072
Effects of:		
UK franked investment income	(89,874)	(90,740)
Non taxable investment income	(331,486)	(361,282)
Movement in excess management expenses	203,445	198,950
UK corporation tax	-	-
Overseas withholding tax	299,145	273,518
Current tax charge for the period (note 8a)	<u>299,145</u>	<u>273,518</u>

At 30 June 2020 the Fund has unrelieved excess management expenses of £8,487,007 (2019: £7,469,780). It is unlikely that there will be sufficient taxable profits in the future to utilise these expenses and therefore a deferred tax asset of £1,697,401 (2019: £1,493,956) has not been recognised.

Notes to the financial statements

as at 30 June 2020

continued

	Year ended 30 June 2020 £	Year ended 30 June 2019 £
9 Finance costs		
The distributions take account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:		
Interim accumulation	3,990	-
Interim distribution	479,760	544,503
Final accumulation	6,346	-
Final distribution	712,635	852,221
Net distributions for the period	<u>1,202,731</u>	<u>1,396,724</u>
Add: Income deducted on cancellation of shares	20,175	22,183
Deduct: Income received on issue of shares	<u>(12,789)</u>	<u>(9,450)</u>
Net distribution for the period	1,210,117	1,409,457
Interest	46	27
Total Finance costs	<u><u>1,210,163</u></u>	<u><u>1,409,484</u></u>
Reconciliation of distribution:		
Net revenue after taxation	790,430	991,844
Add: Capitalised investment manager's fee	419,698	417,618
Add: Income brought forward	31	26
Deduct: Income carried forward	<u>(42)</u>	<u>(31)</u>
Net distribution for the period	<u><u>1,210,117</u></u>	<u><u>1,409,457</u></u>
<i>Details of the distribution per share are set out in the distribution table.</i>		
	30 June 2020 £	30 June 2019 £
10 Debtors		
Amounts receivable on issues	140	100
<i>Accrued income:</i>		
Franked income receivable	135,865	215,076
<i>Pre-paid expenses</i>		
Amounts pre-paid to the ACD, or associates of the ACD:		
Price publication fees	1,109	-
Other expenses		
Directors and officers liability insurance	3,085	3,227
Total debtors	<u><u>140,199</u></u>	<u><u>218,403</u></u>

Notes to the financial statements

as at 30 June 2020

continued

	30 June 2020 £	30 June 2019 £
11 Creditors		
Amounts payable on cancellations	(1,501)	(1,473)
<i>Accrued expenses:</i>		
Amounts payable to the ACD, or associates of the ACD:		
ACD fee	(3,552)	(3,541)
Administration fee	(8,516)	(8,637)
Price publication fees	-	(1,600)
Registration fee	(1,149)	(3,608)
Amounts payable to the Depositary, or associates of the Depositary:		
Depositary fees	(2,909)	(2,912)
Safe custody fee	(1,345)	(1,938)
Other		
Investment manager fee	(53,282)	(48,340)
Audit fee	(9,205)	(9,178)
Independent Directors' fees	-	(7,500)
Printing and publication fee	(1,357)	(1,686)
Total creditors	<u>(82,816)</u>	<u>(90,413)</u>
12 Shareholders funds	Period ended	Year ended
The Fund has two share classes, Accumulation and Income.	30 June 2020	30 June 2020
	Shares	Shares
	Accumulation	Income
Opening number of shares	-	46,008,810
Shares issued	11	1,282,002
Shares cancelled	(1,983)	(2,900,255)
Shares converted	392,610	(392,610)
Closing number of shares	<u>390,638</u>	<u>43,997,947</u>

13 Commitments, contingent liabilities and contingent assets

As at 30 June 2020 there were no outstanding contingent liabilities or commitments.

14 Related parties

Carvetian Capital Management Limited, is regarded as a controlling party by virtue of having the ability to act in concert in respect of the operations of the Fund.

The aggregated monies received through creations and liquidations are disclosed in the statement of change in shareholders net assets, amounts due to/from Carvetian Capital Management Limited in respect of share transactions at the year end are disclosed in notes 10 and 11.

Management fees payable to Carvetian Capital Management Limited (the ACD for the period), and registration fees payable to Yealand Administration Limited, an associate of the ACD, are disclosed in note 7 and amounts due at the year end are disclosed in notes 10 and 11.

A shareholder with a holding in excess of 20% of the value of the Company may be able to exercise significant influence over the financial and operating policies of the Company with reference to shareholders' voting rights at general meetings and as such is deemed to be a related party.

At 30 June 2020 there are no material shareholders in excess of 20%.

Notes to the financial statements

as at 30 June 2020

continued

15 Financial instruments

The main risks from the Fund's holdings of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 3.

Numerical disclosures relating to the Fund are as follows:

	30 June 2020	30 June 2019
Foreign currency risk	£	£
Euro	4,322,310	4,797,785
Japanese yen	-	1,019,205
Swiss franc	17,019,766	14,824,997
United States dollar	68,808,698	65,517,901
	<u>90,150,774</u>	<u>86,159,888</u>
Interest rate risk profile of financial assets and liabilities:		
Financial assets with floating interest rates		
Euro	9,727	9,608
Sterling	4,474,148	1,556,548
	<u>4,483,875</u>	<u>1,566,156</u>
Financial assets not carrying interest		
Euro	4,312,583	4,788,177
Japanese yen	-	1,019,205
Swiss franc	17,019,766	14,824,997
United States dollar	68,808,698	65,517,901
Sterling	15,811,026	17,302,330
	<u>105,952,073</u>	<u>103,452,610</u>
Financial liabilities not carrying interest		
Sterling	(795,450)	(942,634)
Total assets and liabilities		
Euro	4,322,310	4,797,785
Japanese yen	-	1,019,205
Swiss franc	17,019,766	14,824,997
United States dollar	68,808,698	65,517,901
Sterling	19,489,724	17,916,244
	<u>109,640,498</u>	<u>104,076,132</u>

The Fund's net cash holdings of £4,483,875 (2019: £1,566,156) are held in floating rate deposit accounts, whose rates are determined by the Bank of England base rate, LIBOR or other local interest rates as appropriate to the currency.

Benchmark rates of index-linked stocks

The floating rate financial assets comprise variable rate securities, bank balances which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents, index-linked securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalents.

Derivatives and other financial instruments

Sensitivity analysis is not shown because the maximum exposure of derivatives is not significant to the Fund.

Open positions at the balance sheet date, which are all covered, are included in the net current assets.

Notes to the financial statements

as at 30 June 2020

continued

16 Fair Value disclosure

Valuation technique	30 June 2020		30 June 2019	
	Assets	Liabilities	Assets	Liabilities
	£	£	£	£
Level 1	105,811,875	-	103,234,207	-
Level 2	-	-	-	-
Level 3	-	-	-	-
	<u>105,811,875</u>	<u>-</u>	<u>103,234,207</u>	<u>-</u>

1. Fair value based on a quoted price for an identical instrument in an active market and generally will include quoted equities, some highly liquid bonds and exchange traded derivatives.
2. Fair value based on the price of a recent transaction for an identical instrument and will generally include holdings in other schemes.
3. Fair value based on a valuation technique that relies significantly on non-observable market data and will generally include unquoted private equities, property and other values not primarily derived from observable market data. Unlisted or suspended investments are valued by the Investment Manager taking into account, where appropriate, latest dealing prices, valuations from independent reliable sources and financial performance.

17 Portfolio dealing spread

	30 June 2020	30 June 2019
Average portfolio spread	0.03%	0.01%

The average portfolio spread is the difference between the bid and offer prices of the underlying investments, divided by the offer price expressed as a percentage.

Notes to the financial statements

as at 30 June 2020

continued

18 UCITS periodic disclosure

Remuneration policy

Carvetian rewards its staff fairly and appropriately for their contribution to the growth and success of the business and the provision of a high level of service to clients. The remuneration policy is designed to be consistent with, and promote, sound and effective risk management.

The remuneration of staff is reviewed annually, taking into account individual performance and market rates for the role being undertaken. Any bonus arrangement is also reviewed annually to ensure alignment with Carvetian's aims of the growth and success of the business and the provision of a high level of service to clients. There is no direct link to investment performance and bonuses do not encourage excessive risk taking.

Remuneration: Year ended 31 December 2019	Number of Staff	Fixed Remuneration £'000	Variable Remuneration £'000	Total Remuneration £'000
Total Remuneration	5	254	-	254
Senior Management	3	187	-	187
Staff who have a material Impact on Funds' risk profile	2	67	-	67
Staff holding Control Functions	3	187	-	187

The staff members included in the above analysis support the entirety of the funds managed by the ACD. It is not considered feasible or useful to attempt to apportion these figures to individual funds.

Details of the ACD's most recent remuneration policy, including a description of how remuneration and benefits are calculated and the identities of the persons responsible for awarding remuneration and benefits, are available at www.carvetian.com/important-information/. A paper copy is available free of charge upon request.

19 Post balance sheet events

There were no material post balance sheet events which have a bearing on the understanding of the financial statements.

Distribution table
for the year ending 30 June 2020
in pence per share

Income shares

Interim dividend

Group 1 shares - Shares purchased prior to 1 July 2019

Group 2 shares - Shares purchased from 1 July 2019 to 31 December 2019

	Net revenue	Equalisation	Paid on 28 February 2020	Paid on 28 February 2019
Group 1	1.0781	-	1.0781	1.1354
Group 2	0.8554	0.2227	1.0781	1.1354

Final dividend

Group 1 shares - Shares purchased prior to 1 January 2020

Group 2 shares - Shares purchased from 1 January 2020 to 30 June 2020

	Net revenue	Equalisation	Payable on 28 August 2020	Paid on 31 August 2019
Group 1	1.6197	-	1.6197	1.8523
Group 2	0.3894	1.2303	1.6197	1.8523

Accumulation shares

Interim dividend

Group 1 shares - Share class launched 16 October 2019

Group 2 shares - Converted income shares from 16 October 2019 to 31 December 2019

	Net revenue	Equalisation	Allocated on 28 February 2020
Group 1	1.0781	-	1.0781
Group 2	0.8554	0.2227	1.0781

Final dividend

Group 1 shares - Shares purchased prior to 1 January 2020

Group 2 shares - Shares purchased from 1 January 2020 to 30 June 2020

	Net revenue	Equalisation	Allocation on 28 August 2020
Group 1	1.6244	-	1.6244
Group 2	0.3478	1.2766	1.6244

Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares, and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax, but must be deducted from the cost of shares for capital gains tax purposes.

General information

Buying and selling shares

On purchasing shares, you will receive a contract note confirming your purchase, which will be issued the business day after the deal has been priced. As proof of ownership, your name will be recorded on the register following receipt of payment and full registration details.

The Company is valued daily at 10:00a.m. Monday to Friday. The prices calculated at these valuations will determine the price at which your deal is transacted. The Company is priced on a forward basis, i.e. all deals struck before the 10:00 a.m. valuation point receive prices calculated at that valuation point.

The ACD may vary the initial charge up to the maximum permitted by giving the Depositary notice of the change and amending the Prospectus.

Subject to the COLL Rules, the basis upon which prices may be calculated and any discounts on the initial charge are at the discretion of the ACD.

The minimum initial investment in the Fund which any one person can purchase, and the minimum holding in 'A' Shares, is £1,000. The ACD at its discretion can waive these requirements.

Shares may be purchased or sold by telephoning 0345 850 0255 or writing to: Carvetian Capital Management Limited, Stuart House, St John's Street, Peterborough, PE1 5DD. For your protection calls are recorded. A contract note will be issued to confirm any sale of shares with payment being issued on the third business day following the pricing of the sale and all necessary renunciation documentation being received by the ACD. The time for telephone deals is 09:00 – 17:00 every business day.

ACD's approach to dilution

Unusually high levels of buying and selling may increase the Company's dealing costs and affect the value of its assets. This is known as 'dilution'.

To prevent this and to protect the interests of the majority of shareholders, the ACD at its discretion may charge a dilution levy. If charged, the dilution levy will be paid into the Company for the benefit of shareholders and will become part of the property of the Company.

Revenue

The Company offers income shares which entitle shareholders to a share in any distribution of the revenue made by the Company, less expenses and applicable taxation, provided they retain those shares until and including the Company's dividend dates i.e. 31 December and 30 June each year. Any revenue to be distributed to shareholders is paid out on the Company's dividend pay dates i.e. end of February and the end of August each year. The revenue may be paid to shareholders directly to certain bank and building society accounts (BACS), by cheque or reinvested in the Company.

Tax

Capital gains

Authorised Funds are currently exempt from capital gains tax on the disposal of their investments. UK residents who are individuals or trusts may be liable to UK taxation of capital gains arising from the sale or other disposal of shares in the Company, if their total gains from all sources exceed the exemption limit for the tax year in which the disposal takes place. UK corporates will be subject to corporation tax on chargeable gains on profits made on the disposal of their shares in the Company.

Income tax

The following paragraphs summarise the basis of taxation on distributions, based on current legislation.

UK resident individuals are taxable on the sum of their distributions in excess of the tax-free dividend allowance of £2,000. Basic rate taxpayers will pay 7.5% income tax on dividends received in excess of the dividend allowance, higher rate taxpayers will pay 32.5% income tax, and additional rate taxpayers will pay 38.1% income tax. The dividend allowance is not available to Trusts.

Potential investors are advised to seek professional advice.

General information

continued

Corporate holders

For corporate shareholders, where the gross income from which the dividend distribution is made is not wholly franked investment income, part of the distribution is received as an annual payment. Corporate shareholders will be subject to corporation tax on the non-franked element of distributions, which will be covered by the tax withheld by the fund.

The amount of tax recoverable on dividends deemed to be annual payments will match the corporation tax paid by the Fund.

It should be noted that levels and bases of tax may be subject to change.

If investors are in any doubt as to their taxation position they should consult their professional advisor.

Emoluments of the Independent Directors

The Company's board of Directors shall be comprised of Independent Directors in addition to the ACD. The Independent Directors shall receive fees for their services to the Company, such fees being payable out of the property attributable to the Company.

The Independent Directors as at the date of this report are:

Gerry P. Aherne (Chairman)
John D. W. Pocock
N. Rundle

The Independent Directors shall retire after serving no more than three years in office and their reappointment, or the appointment of alternative or additional Directors, shall be subject to a Shareholder vote at the relevant annual general meeting of the Company and subject to FCA approval in accordance with the Regulations.

The aggregate remuneration of the Independent Directors shall not exceed £250,000 per annum.

As at the date of this report the aggregate remuneration was:

	Directors Emoluments £	Employers NIC £	Total Remuneration £
G. Aherne	48,000	5,411	53,411
J. Pocock	35,000	3,623	38,623
N. Rundle	34,757	1,814	36,571
Directors adhoc expenses	-	-	3,470
			<u>132,075</u>

A daily accrual based on such agreed sum is made and fees are payable at the end of each quarter.

Further information

The information in this report is designed to enable shareholders to make an informed judgement on the activities of the Company during the period it covers and the result of those activities at the end of the period.

The following are available online at www.yealand.com or at the registered office of the ACD:

- Historical
 - Price
 - Yield
 - Distribution rates
- Key Investor Information Document (KIID)
- Full Report & Accounts

The daily price is published in the Financial Times (up to 15 August 2020) under the Funds page and online at <http://electricandgeneral.com>. The Company Prospectus is available free of charge on request from the ACD.

For more information about the activities and performance of the Company during the period, please contact the ACD at the address as noted on page 31, or online at <http://electricandgeneral.com>.

Directory

Authorised Corporate Director (the ACD)

Carvetian Capital Management Limited
Stuart House
St. John's Street
Peterborough
PE1 5DD

Tel: 0345 850 0255

Fax: 01733 286833

e-mail: carvetian@yealand.com

Registered in England Number 6923395

*(Authorised and regulated by
the Financial Conduct Authority)*

Auditor

Shipleys LLP
10 Orange Street
Haymarket
London
WC2H 7DQ

Independent Directors of Electric & General Investment Fund

G P Aherne (Chairman)

J D W Pocock

N Rundle

Fund administration, dealing and registration

Yealand Administration Limited
Stuart House
St. John's Street
Peterborough
PE1 5DD

Tel: 0345 850 0255

Fax: 01733 286833

e-mail: carvetian@yealand.com

Website: www.yealand.com

Investment manager

Troy Asset Management Limited
33 Davies Street
London
W1K 4BP

*(Authorised and regulated by
the Financial Conduct Authority)*

Depositary

NatWest Trustee and Depositary Services
Limited
Registered and Head Office:
250 Bishopsgate
London
EC2M 4AA

*(Authorised and regulated by
the Financial Conduct Authority)*