



Electric & General Investment Fund

Interim Report

Authorised Corporate Director's Short Report
for the six months ended 31 December 2019

Introduction

The Electric & General Investment Fund (the 'Company'/'the 'Fund') is an investment company with variable capital (ICVC). The Company is a UCITS Scheme which complies with the Financial Conduct Authority's (FCA) Collective Investment Schemes sourcebook (COLL), including the investment and borrowing powers in Chapter 5.

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.

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

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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.

Investors should also bear in mind the relevant risk factors which are set out on page 10.

Investment manager

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

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 in 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.

New accumulation share class

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

Important information

To reduce costs and paper consumption the December interim accounts will be the final set where a short form will be completed. The long form accounts can be requested free of charge from the ACD.

Fund Information

Change in net asset value per share

All prices quoted are based on bid price

	Income shares		Accumulation shares**	
	Six months ended 31 December 2019 p	Year ended 30 June 2019 p	Year ended 30 June 2018 p	Period ended 31 December 2019 p
Opening net asset value per share	226.21	190.39	191.58	226.21
Return before operating charges [†]	7.16	40.91	3.39	7.15
Operating charges	(1.13)	(2.10)	(2.13)	(1.13)
Return after operating charges[†]	6.03	38.81	1.26	6.02
Distributions on income shares				
Interim	(1.08)	(1.14)	(1.01)	n/a
Final	-	(1.85)	(1.44)	n/a
Total distributions on income shares	(1.08)	(2.99)	(2.45)	n/a
Closing net asset value per share	231.16	226.21	190.39	232.23
Retained distributions on accumulation shares				
Interim	n/a	n/a	n/a	1.08
Final	n/a	n/a	n/a	-
[†] after direct transaction charges of	0.02	0.01	0.03	0.02

Performance

Return after operating charges	2.6%	20.4%	0.6%	2.6%
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Other information

Closing net asset value (NAV)	£102,867,275	£104,076,132	£92,729,789	£859,481
Closing number of shares	44,500,516	46,008,810	48,704,745	370,106
Operating charges	0.97%	1.03%	1.12%	0.97%
Direct transaction charges	0.01%	0.01%	0.01%	0.01%

Prices (p)*

Highest	243.90	231.00	198.10	237.90
Lowest	222.30	187.00	174.10	222.30

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

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

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/>.

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Investment manager's report

Portfolio review

The Fund made progress in last six months in what was a benign set of conditions for global equity markets. The pattern of returns varied, reflecting the changing leadership within stock markets and the volatility of the pound. At the beginning of the period, the Fund's performance benefitted from its bias towards technology companies and economically resilient sectors, which outperformed more cyclical and capital-intensive parts of the global economy. The Fund is also largely invested in companies with multi-national operations whose shares are listed in developed market (DMs) economies. Stock markets in DMs typically outperformed those in emerging markets (EMs) this year, led by the United States. These trends reversed in the later part of the period, best highlighted by the Fund's holding in PayPal, which reversed some of its strong gains. In addition, many companies with more predictable earnings struggled, including several of the Fund's holdings in the consumer staples sector, as market leadership rotated towards EMs and cyclicals. Lastly, eBay's share price declined after it reported disappointing operational progress.

The Fund's top five contributors to performance in the period came from Microsoft, Alphabet, Fiserv, Medtronic and British American Tobacco.

Dividend

The Fund will provisionally pay an interim dividend of 1.0781 pence per share on 28 February 2020. This is slightly down on the comparable distribution last year, but similar to the average interim payment over the previous four years. We remain mindful of investors' requirement for income whilst being careful not to compromise the Fund's capacity for capital growth, which remains the priority. We believe it is essential for the Fund to retain the flexibility to invest in the finest companies in the world, many of which prefer to pay low or no dividends.

Portfolio activity

This was a busier period for the Fund with two outright sales and two new investments. The Fund ended the period with 31 holdings.

The remaining holding in U.K. accounting software firm Sage was sold in the summer. The size, stickiness and diversity of Sage's existing customer base underpins its cashflows far into the future, but we are less confident it has made sufficient investment in product development, sales and marketing to meaningfully grow its customer base. A steady rise in the company's share price gave the Fund an opportunity to sell out at a rich valuation.

As tobacco stocks recovered during the period, the Fund reduced its holdings in the sector by selling the small investment in Japan Tobacco.

The investment in eBay was further reduced. Competition for its online marketplace is fierce and without a permanent CEO we are concerned that eBay is not being run in the best interests of long-term investors. Elsewhere we reduced the holdings of several consumer staples investments, including Coca-Cola, where valuations look stretched.

A holding in Agilent Technologies was established in October. The company is the global market leader in gas and liquid chromatography instruments which are vital for many scientific and industrial applications. Agilent generates ~60% of its revenue from consumables, software and services supplied after the initial instrument sale, and this highly profitable and dependable source of revenue growth should lead to attractive growth in free cash flow for many years to come.

The Fund also acquired a small holding in Mastercard and added to its holding in Visa. The two card networks control essential payments infrastructure that enables worldwide online and offline commerce. At both companies we see a rarefied combination of high compounded revenue growth and extraordinary rates of profitability, and despite their impressive share price performance over the last few years, the duration and financial productivity of Visa and Mastercard's growth remains underappreciated, in our view.

The Fund took advantage of softness in the share prices of Alcon and Novartis to add to existing shareholdings.

Outlook

In the last 12 months, fears about monetary tightening in the U.S., trade wars and fading global corporate profits have given way to confidence in supportive monetary and fiscal policies, easing trade tensions and widespread anticipation of a recovery in earnings. Of course, nothing is assured. Just as investors were wrong to fear a downturn 12 months ago, today's optimism may be misplaced.

The Fund does not make speculative bets about the short-term direction of stock markets. Sometimes the Fund's investments capture the popular mood, at other times they do not. The Fund is unlikely to fully participate if the stock market continues to be led by a resurgence of lower quality businesses – i.e. those operating in more competitive and capital intensive industries. Their apparent 'value' depends on the chosen investment time horizon. The longer it is, the less valuable they appear, a picture complicated further by the disruptive pace of innovation and environmental change. By contrast, companies that can adapt and grow steadily whilst producing large returns on their reinvested cash flows can appear good value if their growth is permitted to compound over long periods.

After a big rebound for global equities, it is increasingly difficult to find the kinds of higher quality companies we seek at compelling valuations. We are encouraged, however, that the valuation for the Fund, based on our assessment of underlying cash flows, is comparable to the global average, as measured by the MSCI World Index. Yet the financial characteristics of the Fund's constituents are well above the average, giving us confidence that the Fund's investments are reasonably priced for the superior quality of their earnings.

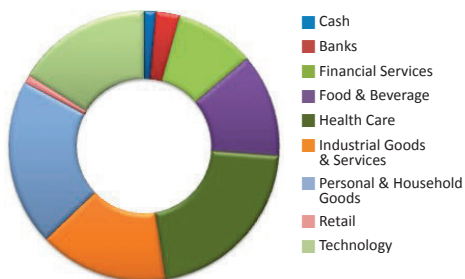
*Troy Asset Management Limited
17 January 2020*

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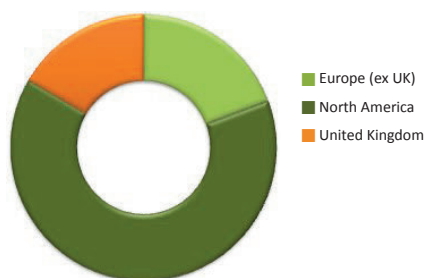
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31 December 2019

Sector Allocation



Geographical Allocation

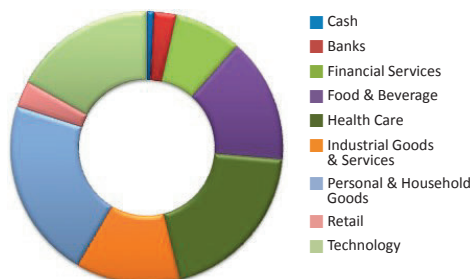


Currency Exposure

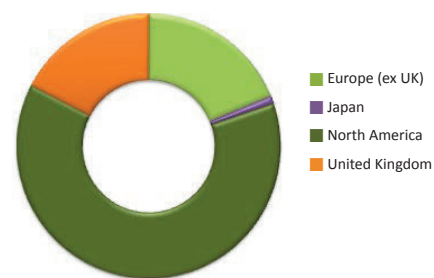
Currency	GBP
Euro	4,397,845
Japanese yen	-
Sterling	17,012,073
Swiss franc	15,652,812
United States dollar	66,664,026
Net asset value	103,726,756

30 June 2019

Sector Allocation



Geographical Allocation



Currency Exposure

Currency	GBP
Euro	4,797,785
Japanese yen	1,019,205
Sterling	17,916,244
Swiss franc	14,824,997
United States dollar	65,517,901
Net asset value	104,076,132

Major holdings

The top ten holdings at the end of each reporting period are shown below:

	% of net assets as at 31 December 2019		% of net assets as at 30 June 2019
Microsoft	7.27	Microsoft	7.64
American Express Company	5.54	American Express Company	5.72
Roche Holding	5.21	PayPal Holdings	5.46
Alphabet 'A'	5.06	Roche Holding	4.69
Novartis	5.00	Unilever	4.61
PayPal Holdings	4.95	Novartis	4.51
Medtronic	4.66	Nestlé	4.43
Experian	4.11	Alphabet 'A'	4.26
Unilever	4.11	Medtronic	4.17
Becton Dickinson & Company	4.03	Intuit	4.05

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Major purchases and sales

The total purchases and sales for the reporting period:

Purchases	Cost £'000	Sales	Proceeds £'000
Agilent Technologies	2,470	eBay	1,826
Mastercard 'A'	1,007	Microsoft	1,365
Visa 'A'	556	The Coca-Cola Company	1,280
Novartis	471	The Sage Group	1,067
Alcon	432	Japan Tobacco	992
		Nestlé	473
		Diageo	413
		Procter & Gamble	313
		Johnson & Johnson	293
		Colgate-Palmolive	260

General 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 and 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 11, or online at <http://electricandgeneral.com>.

Investment manager's fee

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

Distribution dates

The Company makes its interim and final distribution on the last business day of February and 31 August respectively.

Authorised Corporate Director's fee

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

Buying and selling shares

The minimum initial investment in Net Income 'A' Shares which any one person can purchase, and the minimum holding in Net Income '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. The time for telephone deals is 09:00 – 17:00 every business day. Settlement is due within three business days or, in the case of sales, receipt by the ACD of a signed and completed form of renunciation.

The Company is priced daily at 10:00am on Monday to Friday.

The ACD may waive the minimum purchase threshold at its discretion.

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Risk and reward rating

The risk and reward indicator as published in the latest KIID is illustrated below:



More about this rating

This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The risk category shown is not a target or a guarantee and may change over time.

Why this Fund is in category 5

The share class is ranked in risk category 5 for both income and accumulation shares as its price has experienced above average rises and falls historically (2018: category 5 for the income class).

Risk profile

The following are important warnings:

- Investors should appreciate that there are risks normally associated with investment in stocks and shares.
- Stock market prices may be volatile and be unpredictably affected by many diverse factors, including political and economic events but also rumours and sentiment. An investment in the Fund should be regarded as a long-term investment. There can be no assurance that the objectives of the Fund will be achieved.
- The capital value and the income from shares in the Fund can fluctuate and the price of shares and the income from them can go down as well as up and are not guaranteed. On encashment, particularly in the short term, investors may receive less than the original amount invested. Any initial charge made by the ACD is deducted from an investment at the outset and consequently an equivalent rise in the value of the shares is required before the original investment can be recovered.
- Defensive investment in cash and money market instruments, at times when relevant stock market indices are rising, may constrain the growth of capital invested in the Fund.
- Investments may be made in assets denominated in currencies other than Sterling and the movement in exchange rates may have a separate effect, unfavourable as well as favourable, on the gains and losses otherwise experienced on such investments.
- Investments may be made in securities with floating or fixed rate interest rates, where changes in the prevailing rates or changes in expectation of future rates may result in a change in the value of the securities and the income received therefrom.
- Past performance is not necessarily a guide to future growth or rates of return.
- Exemptions, thresholds and rates of tax may change in future tax years.
- Currently, two thirds of the Investment Manager's periodic fee is charged to capital. This treatment of charges may increase the amount of income available for distribution, but may constrain capital growth.

Key parties

Authorised Corporate Director (the ACD)

Carvetian Capital Management Limited
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Fax: 01733 286833
e-mail: carvetian@yealand.com

Registered in England Number 6923395

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

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
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Tel: 0345 850 0255
Fax: 01733 286833
e-mail: carvetian@yealand.com
Website: www.yealand.com

Investment manager

Troy Asset Management Limited
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*(Authorised and regulated by the
Financial Conduct Authority)*

Depositary

NatWest Trustee and Depositary
Services Limited
Registered and Head Office:
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EC2M 4AA
*(Authorised and regulated by the
Financial Conduct Authority)*

Auditor

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10 Orange Street
Haymarket
London
WC2H 7DQ

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