



## Electric & General Investment Fund

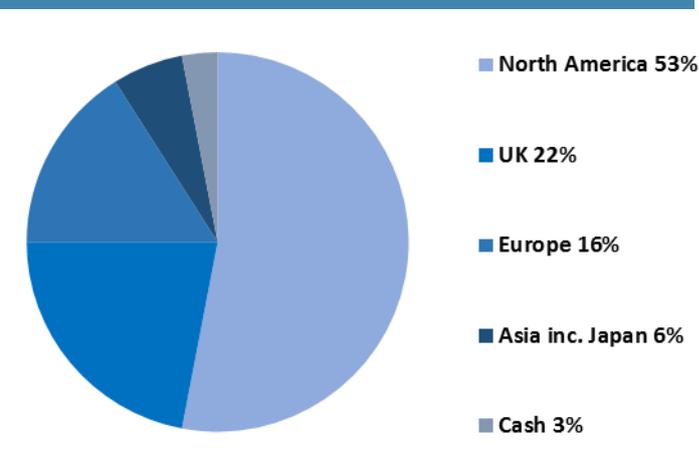
www.electricandgeneral.com

May 2016

The investment objective of the Electric & General Investment Fund is to seek to achieve long-term capital growth with some potential for income. The company's policy is to principally invest in global equities, and may also invest in other transferable securities, bonds, collective investment schemes, warrants, money market instruments, cash, near cash and deposits. There is no limit to which the company can be invested in each sector or asset type, nor is there any particular geographic focus.

Price	All data as at 31 May 2016	Fund Size
155.10p		£90,979,937

### Percentage Growth 12/08/2011 to 31/05/2016      Asset Allocation



Total Return to 31 May 2016	12/08/2011 Since launch	31/05/13 3 years	31/05/14 2 years	31/05/15 1 year	30/11/15 6 months
Electric & General Investment Fund	+69.2%	+27.9%	+12.2%	+7.0%	+4.5%
LIBID London Inter Bank Bid Rate	+2.0%	+1.1%	+0.8%	+0.4%	+0.2%
IA Global	+58.2%	+18.1%	+12.3%	-2.6%	+2.0%
MSCI World Index NR (£)	+75.4%	+25.7%	+17.0%	+0.7%	+3.4%

Discrete Calendar Annual Returns	2012	2013	2014	2015	2016 YTD
Electric & General Investment Fund	+18.7%	+25.4%	-0.7%	+13.7%	+2.9%

Source: Lipper

**Past performance is not a guide to future performance.**

### May Commentary

Your Fund returned +1.4% during the month compared to +1.2% for the MSCI World Index NR (£).

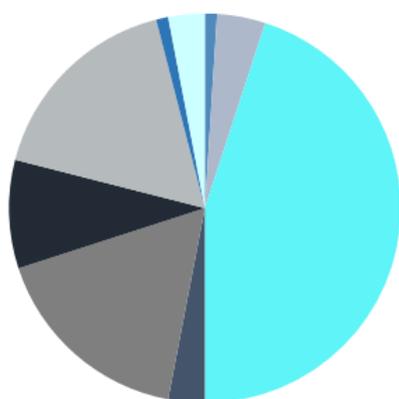
A common refrain is that favoured kind of company, especially among consumer staples, are expensive. Valuations for good quality businesses look elevated both in relative and absolute terms, implying that prospective returns will be lower and more volatile than if the same shares were bought at lower multiples. Yet, it is never as simple as this. Pricing must always be compared to what we receive in

return. The portfolio's weighted average P/E is 19x and its free cash flow yield is 6%. Rich, admittedly, but not outrageous. This compares to an average operating margin of 23% and a returns on equity of 35%. Such financial productivity is truly exceptional and, moreover, prolonged by special intangible assets accumulated over many decades. In other words, we are highly confident that earnings and dividends from our companies will be materially higher in five or ten years' time, allowing them to grow into their current valuations. For investors such as us, the returns available

from accessing the compounding power of great businesses far outweighs the risks presented by short-term fluctuations in the stock market.

Nor do we operate in a wasteland of opportunity. Good quality stocks often fall out of favour even within a broader bull market. Whilst staples may appear fully priced, certain healthcare and financial service companies are more reasonably valued. As money comes into the Fund we will allocate to those shares that are least fashionable.

Asset Allocation by Sector



- Energy 1%
- Industrials 4%
- Consumer Staples 45%
- Consumer Discretionary 3%
- Healthcare 17%
- Financials 9%
- Information Technology 17%
- Materials 1%
- Cash 3%

Top 10 Holdings	% Fund
Microsoft	5.4
Altria	5.1
Philip Morris	4.8
British American Tobacco	4.4
Roche Holdings	4.1
Novartis	4.1
Nestlé	3.6
Wells Fargo	3.5
Johnson & Johnson	3.4
Unilever	3.4
<b>Total Top 10</b>	<b>41.8</b>
25 other holdings	55.5
Cash & equivalent	2.7
<b>Total</b>	<b>100.0</b>

Risk analysis since launch 12/08/2011	Fund	Index*
Total return	+69.2%	+75.4%
Max drawdown <sup>1</sup>	-11.9%	-16.2%
Best month	+8.7%	+7.8%
Worst month	-7.1%	-5.3%
Positive months	+61.4%	+66.7%
Annualised Volatility	+12.2%	+9.8%

<sup>1</sup> Measures the worst investment period      \* MSCI World Index NR (£)

Fund Information

A copy of the latest Prospectus upon which you should base your investment is available from Carvetian Capital Management Ltd, the Fund's Authorised Corporate Director on 0845 850 0255 or at [www.electricandgeneral.com](http://www.electricandgeneral.com).

<b>Structure</b> UCITS	<b>Annual Management Charge</b> Income shares: 0.75%	<b>Dealing</b> Daily Tel: 0845 850 0255
<b>Investment Manager</b> Troy Asset Management Ltd 33 Davies Street London W1K 4BP  Tel: 020 7499 4030 Fax: 020 7491 2445 email: info@taml.co.uk	<b>Dividend Ex Dates</b> 2 Jan (Interim), 1 Jul (Final) <b>Dividend Pay Dates</b> End Feb (Interim), end Aug (Final) <b>Authorised Corporate Director</b> Carvetian Capital Management Ltd Stuart House St John's Street Peterborough PE1 5DD Tel: 0845 850 0255	<b>Registrar</b> Yealand Administration Ltd <b>Auditor</b> Shipleys LLP <b>Depository</b> National Westminster Bank plc <b>SEDOL</b> B52CBS3 <b>Pricing</b> Available at <a href="http://www.electricandgeneral.com">www.electricandgeneral.com</a>
<b>Fund Manager</b> Gabrielle Boyle		
<b>Currency</b> £ Sterling		
<b>Initial Fee</b> Nil		
<b>Launch Date</b> 12 August 2011		

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