



Electric & General Investment Fund

Interim Report including long form financial statements
for the six months ended 31 December 2022

Contents

Authorised status	2
Fund information	2
Investment managers' report	4
Net asset value per share, price record and comparative tables	6
Approval of the interim report by the Authorised Corporate Director (ACD)	7
Portfolio statement	8
Summary of major portfolio changes	10
Statement of total return (unaudited)	11
Statement of change in net assets attributable to shareholders (unaudited)	11
Balance sheet (unaudited)	12
Notes to the financial statements (unaudited)	13
Distribution table	13
General information	14
Directory	16

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.yealand.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.

Distribution

Shareholders may own accumulation and/or income shares, which entitle them to a share in any allocation/distribution of income 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.

Annual Management Charge (AMC)

The annual fee due to the Authorised Corporate Director is 0.04% per annum. Administration fee is charged at 0.12% on the first £50m, 0.08% on next £50m and 0.04% on the remaining NAV per annum.

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.

Investment manager's report for the six months ending 31 December 2022

Stock market returns continued to be defined by expectations for inflation and therefore interest rates. Global equities made a highly volatile recovery from the lows reached in the summer as inflation appeared to peak. The rally was led by traditionally cyclical parts of the stock market (e.g. industrials, materials, financials and energy), but more defensive sectors also participated (e.g. consumer staples and healthcare). Volatility was exaggerated for UK investors in overseas assets as the pound made a vicious round trip in response to the autumn 'mini budget'. Asian and European markets outperformed the US as energy prices and the US dollar fell and China relaxed its restrictions to control covid. Large US technology companies lagged badly.

The Fund's own performance echoes some of these themes, although the modest presence of cyclical companies in the portfolio meant that it failed to participate in many of the most buoyant parts of the market. The Electric & General Investment Fund returned +1.1% on a total return basis which compares to the IA Global sector's average of +3.9%.

The top five contributors were Agilent Technologies, Mastercard, Experian, Visa and Fiserv. All five bolstered returns by releasing encouraging financial reports during the period, underlining the robust demand for their products and services. Three of the five are payments companies and their financial performance has shown no discernible impact so far from the recession that is so widely predicted.

The bottom five contributors were Alphabet, Meta Platforms, Medtronic, Take-Two Interactive Software and Roche Holdings. Demand for Alphabet and Meta's services received a big boost during the pandemic and the companies invested aggressively to expand their capacity. Now that life is returning to normal and advertising spend comes under economic pressure, Alphabet and Meta will have to rein in investment spending to limit the damage to profit margins. Medtronic announced lacklustre financial results and a disappointing outcome for an important research and development (R&D) programme. Take-Two downgraded financial expectations for fiscal 2023 (ending in March) due to a combination of softer demand for mobile titles and some delays to its games pipeline. Roche announced the failure of its high-profile and high-risk clinical trial to find a treatment for Alzheimer's.

Dividend

The Fund will provisionally pay holders of its Income share class an interim dividend of 0.2479 pence per share on 28 February 2023.

Portfolio activity

There were no new holdings initiated in the period and no outright sales. The Fund has 26 investments.

The large holdings in Visa, Microsoft and Mastercard were scaled back. These companies remain among the Fund's largest investments and we continue to be optimistic about their prospects. The sales were made to ensure the portfolio maintains sufficient balance and diversification. Intuit and Agilent were also reduced during the period, largely on valuation grounds.

The investments in Heineken, Booking Holdings and Roche were increased. Heineken is battling with softening demand and high input and energy costs, particularly in Europe. These headwinds should eventually abate, and the company is on course to become structurally more cost and capital efficient as it reforms all aspects of its business. Booking faces an uncertain outlook as tighter household budgets vie with pent-up demand for travel following the pandemic. We believe that the company is reinforcing its competitive position in an attractive industry and find the shares inexpensively valued. We find Roche's existing therapies and R&D potential to be underappreciated after its recent setbacks, and its weak share price provided an opportunity to add to the Fund's investment.

Investment manager's report
for the six months ending 31 December 2022
continued

Outlook

It is hard to ignore economists' dire warnings as consumer and corporate incomes are squeezed by inflation and higher interest rates. We take these threats seriously and see the potential for further near-term pressure on company profits and stock market prices. The Fund's poor performance over recent quarters shows that it cannot escape these dangers. Valuations and sentiment for its stocks are now as low as we can remember. By contrast, traditionally defensive stocks, including many staples companies that protected capital relatively well in 2022, are vulnerable to earnings downgrades and compressed valuations. Elsewhere, many more cyclical sectors are enjoying unsustainably high margins and trade at expensive valuations. We are braced for things to get worse as corporate earnings are tested, but we draw comfort from a couple of areas: the Fund is populated by a collection of outstanding businesses that can reasonably be expected to adapt to their changing circumstances and grow at attractive returns on their invested capital; and second, much of the prevailing gloom is already reflected in the share prices of portfolio companies and optimism here is in short supply – these are often propitious conditions for future returns. We hope and expect that these features will lead to better outcomes for the Fund's investors.

Troy Asset Management Limited
18 January 2023

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

	Income shares			Accumulation shares		
	Six months ended 31 December 2022 p	Year ended 30 June 2022 p	Year ended 30 June 2021 p	Six months ended 31 December 2022 p	Year ended 30 June 2022 p	Year ended 30 June 2021 p
Opening net asset value per share	260.88	292.94	246.98	266.72	298.40	249.78
Return before operating charges†	4.02	(28.50)	50.34	4.02	(29.16)	50.90
Operating charges	(1.21)	(2.52)	(2.28)	(1.21)	(2.52)	(2.28)
Return after operating charges†	2.81	(31.02)	48.06	2.81	(31.68)	48.62
Distributions on income shares						
Interim	(0.25)	(0.10)	(0.70)	n/a	n/a	n/a
Final	-	(0.94)	(1.40)	n/a	n/a	n/a
Total distributions on income shares	(0.25)	(1.04)	(2.10)	0.00	0.00	0.00
Closing net asset value per share	263.44	260.88	292.94	269.53	266.72	298.40
Retained distributions on accumulation shares						
Interim	n/a	n/a	n/a	0.25	0.10	0.71
Final	n/a	n/a	n/a	-	0.95	1.42
†after direct transaction costs of	0.02	0.06	0.04	0.02	0.06	0.04

Performance

Return after operating charges	1.1%	(10.6)%	19.5%	1.1%	(10.6)%	19.5%
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Other information

Closing net asset value (NAV)	£90,748,485	£94,615,263	£113,666,133	£1,380,171	£1,385,216	£1,294,788
Closing number of shares	34,447,253	36,267,220	38,802,203	512,064	519,351	433,912
Operating charges	0.87%	0.86%	0.88%	0.87%	0.86%	0.88%
Direct transaction costs	0.01%	0.02%	0.02%	0.01%	0.02%	0.02%

Prices (p)

Highest	299.2	319.0	295.4	305.9	324.9	299.4
Lowest	259.7	251.6	239.6	265.5	256.3	242.3

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 6 for both the income and accumulation share class (2021: category 6). The share classes are ranked in risk category 6 as funds of this type have experienced much higher than 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.

Assessment of value 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 an Assessment of value report specific to each Yealand Fund by 31 January each year. Copies of these reports can be obtained from the Yealand website, via the document link on each respective Fund page - <https://yealand.com/funds/>.

Approval of the interim report by the Authorised Corporate Director (ACD)

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 approve the report on behalf of Yealand Fund Services Limited for the six months ended 31 December 2022.

Rob Leedham
On behalf of Yealand Fund Services Limited,
the Authorised Fund Manager
28 February 2023

Simon Longfellow
On behalf of the Independent Directors
28 February 2023

Portfolio statement
 as at 31 December 2022

Holding	Investment	Market value £'000	% of total net assets
EQUITIES - 97.70% (98.41%)			
Europe (ex UK) - 22.52% (18.80%)			
France - 3.93% (3.37%)			
6,000	L'Oréal	1,772	1.93
3,063	LVMH Moet Hennessy Louis Vuitton	1,844	2.00
		<u>3,616</u>	<u>3.93</u>
Netherlands - 5.35% (3.40%)			
77,302	Heineken Holding	4,933	5.35
Switzerland - 13.24% (12.03%)			
59,948	Alcon	3,397	3.69
52,718	Novartis	3,952	4.29
18,613	Roche Holding	4,850	5.26
		<u>12,199</u>	<u>13.24</u>
Total Europe (ex UK)		<u>20,748</u>	<u>22.52</u>
North America - 65.08% (70.99%)			
10,504	Adobe Systems	2,921	3.17
22,141	Agilent Technologies	2,738	2.97
84,801	Alphabet 'A'	6,184	6.71
22,218	American Express Company	2,713	2.95
10,761	Becton Dickinson & Company	2,262	2.46
1,766	Booking Holdings	2,942	3.19
52,801	Fiserv	4,410	4.79
9,610	Intuit	3,090	3.35
17,949	Mastercard 'A'	5,159	5.60
44,287	Medtronic	2,845	3.09
37,592	Meta Platforms 'A'	3,739	4.06
26,859	Microsoft	5,324	5.78
12,301	Moody's	2,832	3.07
50,444	PayPal Holdings	2,970	3.22
7,402	S&P Global	2,049	2.22
18,992	Take-Two Interactive Software	1,635	1.78
35,753	Visa 'A'	6,142	6.67
		<u>59,955</u>	<u>65.08</u>

Portfolio statement
 as at 31 December 2022
continued

Holding	Investment	Market value £'000	% of total net assets
EQUITIES - 97.70% (98.41%) - continued			
United Kingdom - 10.10% (8.62%)			
49,962	Diageo	1,823	1.98
150,162	Experian	4,224	4.58
77,921	Unilever	3,259	3.54
		<u>9,306</u>	<u>10.10</u>
	TOTAL EQUITIES	<u>90,009</u>	<u>97.70</u>
	Portfolio of investments	90,009	97.70
	Net other assets	<u>2,120</u>	<u>2.30</u>
	Net Assets	<u>92,129</u>	<u>100.00</u>
	Summary portfolio of investments	Market value £'000	% of Investments
	Equities	<u>90,009</u>	<u>100.00</u>
	Portfolio of investments	<u>90,009</u>	<u>100.00</u>

*Figures in brackets refer to the proportion of the Fund invested in the equivalent investments as at 30 June 2022.
 All investments are in ordinary stocks and shares except where otherwise stated.*

Summary of major portfolio changes

The top ten largest purchases and sales for the reporting period

Purchases	Cost £'000	Sales	Proceeds £'000
Heineken Holding	1,418	Visa 'A'	2,704
Roche Holding	879	Microsoft	2,607
Booking Holdings	732	Mastercard 'A'	2,169
Meta Platforms 'A'	529	Agilent Technologies	1,394
S&P Global	518	Intuit	1,217
Adobe Systems	472	American Express Company	855
Fiserv	417	Alphabet 'A'	260
PayPal Holdings	283	Fiserv	212
Moody's	283	Alcon	202
American Express Company	262	Medtronic	125

Statement of total return (unaudited)
 for the six months ended 31 December 2022

	31 December 2022		31 December 2021	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		1,480		8,265
Revenue	364		332	
Expenses	(433)		(516)	
Interest payable and similar charges	-		-	
Net expense before taxation	(69)		(184)	
Taxation	(41)		(21)	
Net expense after taxation		(110)		(205)
Total return before distributions		1,370		8,060
Distributions		(88)		(40)
Change in net assets attributable to shareholders from investment activities		1,282		8,020

Statement of change in net assets attributable to shareholders (unaudited)
 for the six months ended 31 December 2022

	31 December 2022		31 December 2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		96,000		114,961
Amounts receivable on issue of shares	2,741		3,212	
Amounts payable on cancellation of shares	(7,895)		(3,862)	
		(5,154)		(650)
Change in net assets attributable to shareholders from investment activities (see above)		1,282		8,020
Retained distribution on accumulation shares		1		-
Closing net assets attributable to shareholders		92,129		122,331

Balance sheet (unaudited)
 as at 31 December 2022

	31 December 2022	30 June 2022
	£'000	£'000
Assets:		
Investments	90,009	94,475
Current assets:		
Debtors	30	78
Cash and bank balances	2,296	1,867
	<u>2,326</u>	<u>1,945</u>
Total assets	<u>92,335</u>	<u>96,420</u>
Liabilities:		
Provisions for liabilities:		
Net distributions payable on income shares	(85)	(342)
Creditors	(121)	(78)
	<u>(206)</u>	<u>(420)</u>
Total liabilities	<u>(206)</u>	<u>(420)</u>
Net assets attributable to shareholders	<u>92,129</u>	<u>96,000</u>

Notes to the financial statements (unaudited)
 as at 31 December 2022

Accounting policies

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, updated June 2017.

The financial statements have been prepared on the going concern basis.

Distribution table
 for the six months ended 31 December 2022
 in pence per share

Income shares
Interim dividend

Group 1 shares - Shares purchased prior to 1 July 2022

Group 2 shares - Shares purchased from 1 July 2022 to 31 December 2022

	Net revenue	Equalisation	Payable on 28 February 2023	Paid on 26 February 2022
Group 1	0.2479	-	0.2479	0.1027
Group 2	0.2317	0.0162	0.2479	0.1027

Accumulation shares
Interim dividend

Group 1 shares - Shares purchased prior to 1 July 2022

Group 2 shares - Shares purchased from 1 July 2022 to 31 December 2022

	Net revenue	Equalisation	Allocation on 28 February 2023	Allocated on 26 February 2022
Group 1	0.2513	-	0.2513	0.1043
Group 2	0.0488	0.2025	0.2513	0.1043

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 Income Shares and Accumulation 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: Yealand Fund Services 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 accumulation and 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 taxed on the sum of their distributions in excess of the tax-free dividend allowance of £2,000. Basic rate taxpayers will pay 8.75% income tax on dividends received in excess of the dividend allowance, higher rate taxpayers will pay 33.75% income tax, and additional rate taxpayers will pay 39.35% 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.

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:

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

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 16, or online at <http://electricandgeneral.com>.

Directory

Authorised Corporate Director (the ACD)

Yealand Fund Services Limited
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Tel: 0345 850 0255

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e-mail: enquiries@yealand.com

Website: www.yealand.com

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

Independent Director of Electric & General Investment Fund

Simon Longfellow

Fund administration, dealing and registration

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