

# The Scottish Investment Trust PLC

## Interim Report

For the six months to 30 April 2014





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## Principal risks and uncertainties

The principal risks and uncertainties facing the business are investment and market price risk, interest rate risk, liquidity risk, foreign currency risk and credit risk. These can be found on page 6 of the 2013 Annual Report and they are unchanged from that year.

## Responsibility statement

The board of directors confirms that to the best of its knowledge:

- a) the condensed set of financial statements, which has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, gives a true and fair view of the assets, liabilities, financial position and return of the company;
- b) the interim report includes a fair review of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties the company faces; and
- c) no material transactions with related parties took place during the first six months of the financial year other than fees payable to the directors.

For and on behalf of the board



**Douglas McDougall**  
Chairman  
6 June 2014

# The Company

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Company Data as at 30 April 2014

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**£824,375,000**

Total Assets

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**£717,590,000**

Shareholders' Funds

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**£633,781,000**

Market Capitalisation

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## Objectives of The Scottish Investment Trust PLC

To provide investors, over the longer term, with above-average returns through a diversified portfolio of international equities and to achieve dividend growth ahead of UK inflation.

### Investment Risk

The Scottish Investment Trust PLC (SIT) investment portfolio is diversified over a range of industries and regions in order to spread risk. SIT has a long-term policy of borrowing money to invest in equities in the expectation that this will improve returns but should stockmarkets fall, such borrowings would magnify losses. SIT can buy back and cancel its own shares. All other things being equal, this would have the effect of increasing gearing.

### Performance Comparators

The company does not have a formal benchmark. Performance is reviewed in the context of returns achieved by a broad basket of UK equities through the FTSE All-Share Index™ and of international equities through the FTSE All-World Index™. The portfolio is not modelled on any index.

### Management

The company is managed by its own employees, led by the manager who is responsible to the directors for all aspects of the day to day management of the company.

### Capital Structure

At 30 April 2014 the company had in issue 109,555,926 shares and long-term borrowings at par amounted to £104,225,000 with an average annual interest cost of 5.8%.

### Management Expenses

The total expenses of managing the company's business during the last financial year were £5,110,000. The ongoing charges ratio was 0.75%. The company aims to keep this percentage low in comparison with competing investment products.

### Dividend

An interim dividend of 4.80p (2013: 4.80p) has been declared and is payable on 21 July 2014 to shareholders registered at close of business on 20 June 2014.

### ISA and SIPP

The shares are eligible for ISAs and SIPPs. Details of all of the savings schemes offered by SIT Savings Ltd are shown on page 11.

### The Association of Investment Companies (AIC)

The company is a member of the AIC, the trade organisation for the closed-ended investment company industry.

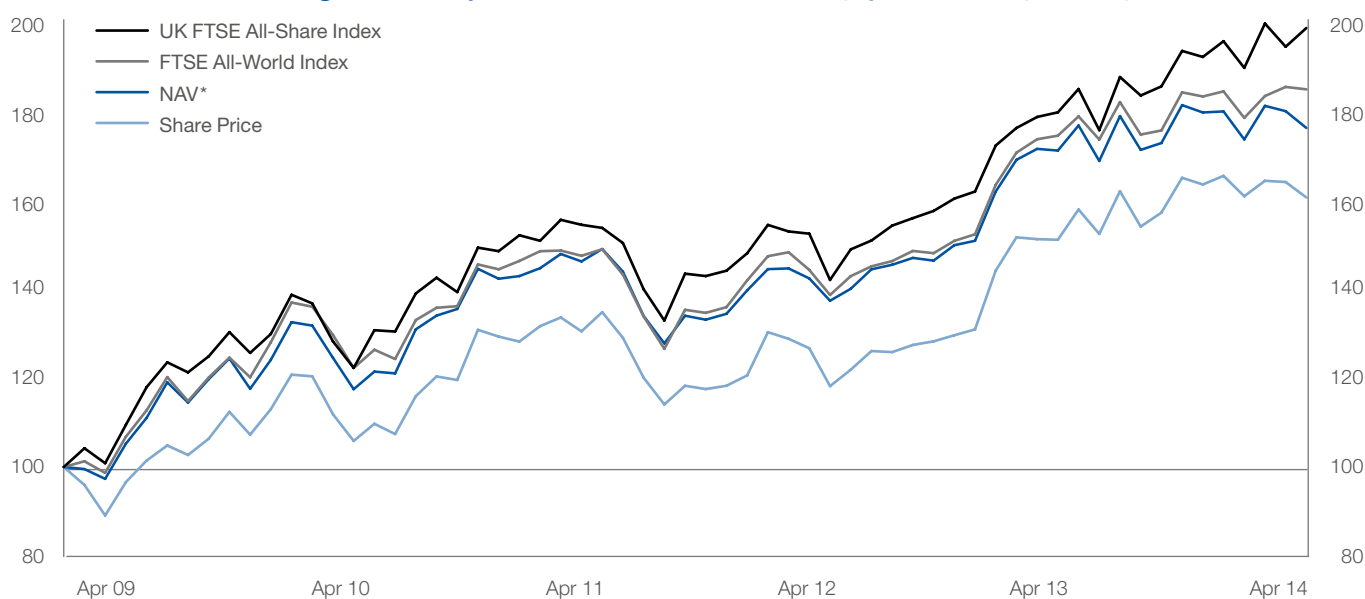
# Financial Highlights

	30 April 2014	31 October 2013	Change %	Total return %
NAV with borrowings at market value	641.3p	668.4p	(4.0)	(2.8)
NAV with borrowings at par	655.0p	682.7p	(4.1)	(2.8)
Ex-income NAV with borrowings at market value	636.1p	659.7p	(3.6)	
Ex-income NAV with borrowings at par	649.8p	674.0p	(3.6)	
Share price	578.5p	603.0p	(4.1)	(2.7)
Discount to ex-income NAV with borrowings at market value	9.1%	8.6%		
FTSE All-World Index			(0.8)	0.4
UK FTSE All-Share Index			1.0	2.7

	£'000	£'000		
Equity investments	727,599	731,373		
Net current assets	96,776	126,172		
Total assets	824,375	857,545		
Long-term borrowings at par	(104,225)	(104,167)		
Pension liability	(2,560)	(2,560)		
<b>Shareholders' funds</b>	<b>717,590</b>	<b>750,818</b>		

	Six months to 30 April 2014 £'000	30 April 2013 £'000	%
Total income	9,338	11,605	
Earnings per share	5.22p	7.15p	
Interim dividend per share	4.80p	4.80p	
UK Consumer Prices Index – annual inflation			1.8
UK Retail Prices Index – annual inflation			2.5

## NAV\* and Share Price against Comparator Indices Total Return (5 years to 30 April 2014)



\* With borrowings at par.

# Chairman's Review

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In the six months to 30 April 2014, the net asset value per share (NAV) total return was -2.8% (with borrowings at market value). The share price total return over the period was -2.7%. The FTSE All-World Index total return was +0.4% and the UK FTSE All-Share Index total return was +2.7%. The share price discount to ex-income NAV ended the period at 9.1% (with borrowings at market value).

Global stockmarkets were volatile over the period with the modest gains made by the global index in local currency terms eroded by broadly-based strength in sterling.

Equity markets rose early in the company's financial year, particularly following the announcement from the US Federal Reserve that it would commence, in January, its long mooted 'tapering' process, whereby quantitative easing stimulus is gradually withdrawn. However, these gains then evaporated on concerns about the projected pace of 'tapering', deflation risks in Europe and a deteriorating economic outlook in China and emerging economies. Markets recovered in February as a weather-related slowdown in the US economy raised hopes that the 'tapering' process would be elongated while concerns over the Chinese financial system eased. Over the remainder of the period, global stockmarkets eked out further modest gains against a backdrop of uncertainty, exacerbated by political tension in the Ukraine, continued weak news flow from China and an expectation that US interest rates could rise in 2015. Increased risk aversion prompted a major rotation of stockmarket leadership as biotechnology, consumer and internet stocks sold-off sharply to the benefit of emerging markets and other segments which had lagged previously. Corporate activity increased sharply in a number of industries towards the end of the period, with the healthcare industry featuring prominently.

Dividend income was lower than at this stage a year ago reflecting the strength of income generation last year, a stronger pound, portfolio changes and a lower level of invested assets, with average gearing falling from 7.6% in the comparable period to 0.4% (with borrowings at market value). The board has declared an unchanged interim dividend of 4.80p per share (2013: 4.80p) which will be paid on 21 July 2014.

The equity portfolio return deducted 2.2% from NAV relative performance with all of the underperformance occurring during the aforementioned spell of turbulent change in stockmarket leadership in the six weeks at the very end of the period. The total return on the company's equity portfolio is ahead of the global comparator index over 3, 5 and 10 years.

Portfolio activity featured a net addition to equities of £18.3m with the Health Care and Oil & Gas industries being added to and reductions in Industrials. By region, North America and Europe (ex UK) saw additions at the expense of UK and Asia Pacific (ex Japan). Largest individual gains were achieved in Health Care industry stocks Coloplast (Denmark) and Hikma Pharmaceuticals (UK). Weakness was seen over the period in some internet exposed holdings.

The company operates a share buyback policy which is intended to keep the discount to ex-income NAV at or below 9% (with borrowings at market value). Over the first half of the financial year, the company repurchased for cancellation 0.4m shares (2013: 0.9m) accounting for 0.4% of the shares in issue at the start of the period, at an average discount of 9.6% and a cost of £2.5m inclusive of dealing expenses. The average discount over the first half of the year was 9.2% and the average discount since the introduction of the scheme has been 8.8%.

Investment trusts have become subject to the EU Alternative Investment Fund Managers Directive (AIFMD), which passed into UK regulation in 2013. The company has appointed its existing FCA regulated subsidiary SIT Savings Limited as its proposed Alternative Investment Fund Manager (AIFM) and the company's application for regulatory approval has been submitted. Compliance with this directive will increase the administration costs of the company but by a smaller amount than initially expected.

Shareholders will be aware that there is to be a referendum on Scottish independence to be held in September. The Scottish government has indicated that March 2016 would be the intended date for implementation of independence should the vote be "yes". In the event of such a vote, which opinion polls have consistently suggested is unlikely, the board should therefore have at least eighteen months to see how the structure evolves and to react accordingly. The board is determined to take whatever action is necessary to protect the interests of all our shareholders and has been reviewing options.

Last year's interim results statement commented that the long-standing imbalances in the world economy remained unresolved. One year on, the overall situation is not materially different other than global stockmarkets are markedly higher in local terms and standing on even less attractive valuations.

Corporate profit margins in some major areas remain elevated by historical standards and stockmarkets are supported in part at least by central bank stimulus and, particularly in the US, significant share buybacks. US corporate cash held offshore is starting to drive merger and acquisition activity and this may continue and add support to equity markets. However, long-term bond yields have again turned down reflecting renewed deflation concerns against a backdrop of subdued economic activity globally and with China still a particular concern.

In view of this outlook, the board feels that it is prudent to retain most of the company's borrowings in cash pending more suitable long-term buying opportunities.



**Douglas McDougall**  
Chairman  
6 June 2014

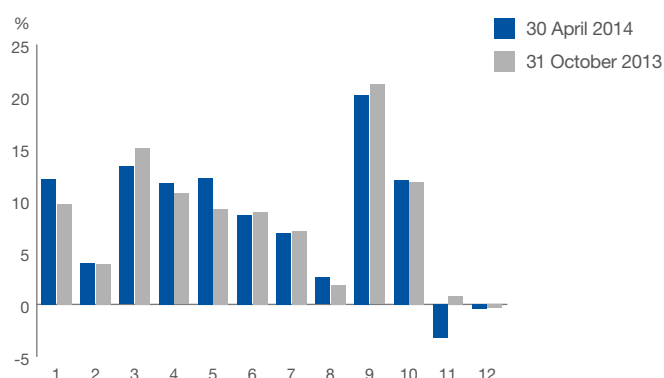
# NAV Relative Performance Attribution Analysis

Six months to 30 April 2014

	%
NAV total return (with borrowings at market value)	-2.8
FTSE All-World Index total return	+0.4
<b>Relative performance</b>	<b>-3.2</b>
Total equities	-2.2
Gearing	+0.0
Other income, tax and currency	-0.3
Buybacks	+0.0
Interest and expenses	-0.8
Change in market value of borrowings	+0.1
<b>Relative performance</b>	<b>-3.2</b>

## Distribution of Shareholders' Funds

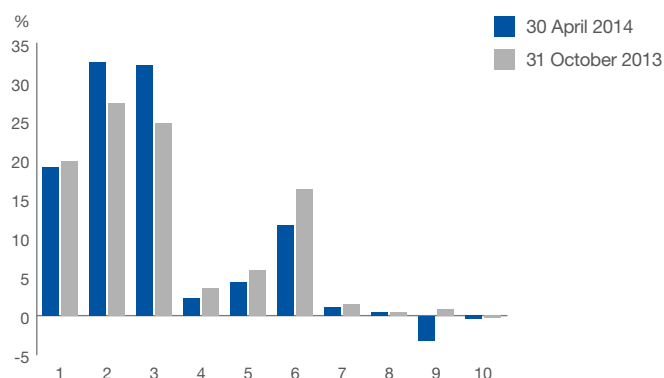
### By Industry



	30 April 2014 %	31 October 2013 %
1 Oil & Gas	12.1	9.7
2 Basic Materials	4.0	3.9
3 Industrials	13.3	15.1
4 Consumer Goods	11.7	10.7
5 Health Care	12.2	9.2
6 Consumer Services	8.6	8.9
7 Telecommunications	6.9	7.1
8 Utilities	2.6	1.9
9 Financials <sup>(1)</sup>	20.2	21.2
10 Technology	12.0	11.8
<b>Total equities</b>	<b>103.6</b>	<b>99.5</b>
Net current assets	13.8	17.1
Borrowings at market value	(17.0)	(16.3)
11 (Gearing)/net cash	(3.2)	0.8
12 Pension liability	(0.4)	(0.3)
<b>Shareholders' funds</b>	<b>100.0</b>	<b>100.0</b>

<sup>(1)</sup> Includes unlisted.

### By Region



	30 April 2014 %	31 October 2013 %
1 UK	19.1	19.9
2 Europe (ex UK)	32.6	27.3
3 North America	32.2	24.8
4 Latin America	2.3	3.5
5 Japan	4.3	5.8
6 Asia Pacific (ex Japan)	11.6	16.3
7 Middle East & Africa	1.1	1.5
8 Unlisted	0.4	0.4
<b>Total equities</b>	<b>103.6</b>	<b>99.5</b>
Net current assets	13.8	17.1
Borrowings at market value	(17.0)	(16.3)
9 (Gearing)/net cash	(3.2)	0.8
10 Pension liability	(0.4)	(0.3)
<b>Shareholders' funds</b>	<b>100.0</b>	<b>100.0</b>

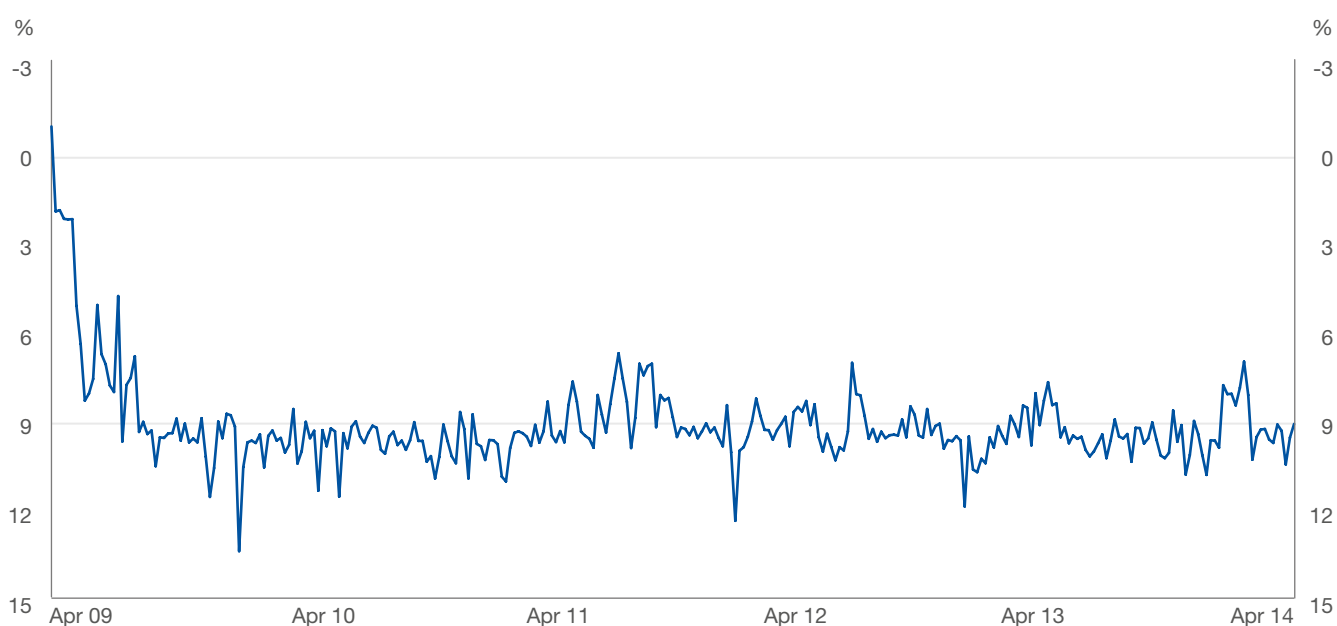
# Changes in Asset Distribution by Industry

	31 October 2013 £m	Net purchases/ (sales) £m	Appreciation/ (depreciation) £m	30 April 2014 £m
Oil & Gas	71.3	12.5	0.8	84.6
Basic Materials	28.7	–	(0.6)	28.1
Industrials	110.8	(14.1)	(3.3)	93.4
Consumer Goods	78.5	4.9	(0.9)	82.5
Health Care	67.3	13.2	4.9	85.4
Consumer Services	65.6	1.5	(6.5)	60.6
Telecommunications	52.5	(2.3)	(1.9)	48.3
Utilities	14.1	4.0	0.3	18.4
Financials <sup>(1)</sup>	155.9	(1.8)	(11.9)	142.2
Technology	86.7	0.4	(3.0)	84.1
<b>Total equities</b>	<b>731.4</b>	<b>18.3</b>	<b>(22.1)</b>	<b>727.6</b>
Net current assets	126.1	(27.0)	(2.3)	96.8
<b>Total assets</b>	<b>857.5</b>	<b>(8.7)</b>	<b>(24.4)</b>	<b>824.4</b>
Long-term borrowings at par	(104.1)	(0.1)	–	(104.2)
Pension liability	(2.6)	–	–	(2.6)
<b>Shareholders' funds</b>	<b>750.8</b>	<b>(8.8)</b>	<b>(24.4)</b>	<b>717.6</b>

<sup>(1)</sup> Includes unlisted.

## Discount to ex-income NAV\*

5 years to 30 April 2014



\* With borrowings at market value.



# List of Investments

as at 30 April 2014

## Listed Equities

Holding	Country	Market value £'000	Cumulative weight %	Holding	Country	Market value £'000	Cumulative weight %
Sampo	Finland	25,699*		Micro Focus International	UK	4,833	
Coloplast	Denmark	21,022*		LPP	Poland	4,759	
Fuchs Petrolub	Germany	17,339*		WPP	UK	4,694	
UnitedHealth	US	14,795*		China Overseas Land & Investment	China	4,543	
Comcast	US	14,780*		Weir Group	UK	4,425	
BT	UK	14,303*		MedicX Fund	UK	4,423	
Continental	Germany	12,564*		Avery Dennison	US	4,345	
Persimmon	UK	11,280*		Sydney Airport	Australia	4,306	
BNP Paribas	France	11,077*		BorgWarner	US	4,304	
Baker Hughes	US	10,513*	21.1	Chicago Bridge & Iron	US	4,253	86.4
Google	US	10,364		Vivendi	France	4,191	
Spectris	UK	10,312		Sands China	Hong Kong	4,147	
Hikma Pharmaceuticals	UK	10,135		ANZ Banking	Australia	4,146	
Roche	Switzerland	9,917		Ambev	Brazil	4,073	
Sumitomo Mitsui Financial	Japan	9,509		Goldman Sachs	US	3,993	
Svenska Handelsbanken	Sweden	9,352		Freehold Royalties	Canada	3,805	
Pandora	Denmark	9,155		Calumet Speciality Products Partners	US	3,792	
Deutsche Post	Germany	9,134		Polaris Industries	US	3,738	
Qualcomm	US	8,917		NXP Semiconductors	US	3,671	
US Bancorp	US	8,902	34.2	Gildan Activewear	Canada	3,657	91.7
Associated British Foods	UK	8,646		Vale	Brazil	3,491	
Severn Trent	UK	8,637		SanDisk	US	3,489	
Tencent	China	8,592		MediaTek	Taiwan	3,462	
Chevron	US	8,514		Fast Retailing	Japan	3,198	
Apple	US	8,454		Alsea	Mexico	3,150	
Biogen Idec	US	8,441		Advanced Info Service	Thailand	3,056	
SoftBank	Japan	8,405		Lippo Karawaci	Indonesia	2,973	
Standard Life	UK	8,226		Mail.Ru	Russia	2,939	
Telstra	Australia	8,117		Howden Joinery	UK	2,912	
Aspen Pharmacare	South Africa	7,857	45.8	LinkedIn	US	2,897	96.1
Telenor	Norway	7,809		Manulife Financial	Canada	2,876	
Adecco	Switzerland	7,789		Telenet	Belgium	2,875	
GKN	UK	7,787		Inditex	Spain	2,808	
Signature Bank	US	7,556		GDF Suez	France	2,731	
Vinci	France	7,447		ASML Holding	Netherlands	2,688	
BHP Billiton	UK	7,323		Vodafone	UK	2,613	
BASF	Germany	7,193		Safran	France	2,546	
DBS	Singapore	7,129		KDDI	Japan	2,474	
Celgene	US	7,127		Amazon.com	US	2,250	
Jardine Matheson	Singapore	7,105	56.0	Verizon Communications	US	1,557	
ENN Energy	China	7,044		Ayala Land	Philippines	758	
NCC	Sweden	6,922		<b>Total listed equities</b>		<b>725,304</b>	<b>99.7</b>
Royal Dutch Shell	UK	6,891					
Tourmaline Oil	Canada	6,830					
Dürr	Germany	6,829					
Toyota Motor	Japan	6,680					
Temenos	Switzerland	6,616					
Capital One Financial	US	6,487					
Zurich Insurance	Switzerland	6,102					
Johnson & Johnson	US	6,057	65.1				
Microsoft	US	6,028					
Rockwell Automation	US	5,900					
G-III Apparel	US	5,866					
Continental Resources	US	5,824					
TGS-NOPEC Geophysical	Norway	5,806					
Baidu	China	5,747					
Rio Tinto	UK	5,707					
Ross Stores	US	5,695					
Airbus	Netherlands	5,656					
British Land	UK	5,527	73.0				
Airports of Thailand	Thailand	5,485					
HSBC	UK	5,457					
National Oilwell Varco	US	5,390					
Wirecard	Germany	5,348					
Aeroportuario del Sureste	Mexico	5,309					
Glacier Bancorp	US	5,208					
Exxon Mobil	US	5,087					
New Oriental Education & Technology	China	5,018					
Cedar Fair Entertainment	US	4,870					
Seadrill	Norway	4,854	80.2				

## Unlisted

Holding	Country	Market value £'000	Cumulative weight %
Heritable Property & Subsidiaries	UK	1,227	
Boston Ventures VI	US	530	
Others (under £0.5m) (2)		538	
<b>Total unlisted</b>		<b>2,295</b>	<b>0.3</b>
<b>Total equities</b>		<b>727,599</b>	<b>100.0</b>

\* Denotes 10 largest holdings with an aggregate market value of £153,372,000.

## Income Statement (unaudited)

	Six months to 30 April 2014			Six months to 30 April 2013			Year to 31 October 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net (losses)/gains on investments held at fair value through profit and loss	-	(22,092)	(22,092)	-	97,014	97,014	-	136,910	136,910
Net (losses)/gains on currencies	-	(2,315)	(2,315)	-	1,567	1,567	-	(838)	(838)
Income	9,338	-	9,338	11,605	-	11,605	22,290	-	22,290
Expenses	(1,506)	(1,046)	(2,552)	(1,491)	(1,036)	(2,527)	(3,016)	(2,094)	(5,110)
Net Return before Finance Costs and Taxation	7,832	(25,453)	(17,621)	10,114	97,545	107,659	19,274	133,978	153,252
Interest payable	(1,547)	(1,548)	(3,095)	(1,547)	(1,548)	(3,095)	(3,096)	(3,095)	(6,191)
Return on Ordinary Activities before Tax	6,285	(27,001)	(20,716)	8,567	95,997	104,564	16,178	130,883	147,061
Tax on ordinary activities	(551)	-	(551)	(623)	-	(623)	(1,314)	-	(1,314)
<b>Return attributable to Shareholders</b>	<b>5,734</b>	<b>(27,001)</b>	<b>(21,267)</b>	<b>7,944</b>	<b>95,997</b>	<b>103,941</b>	<b>14,864</b>	<b>130,883</b>	<b>145,747</b>
Return per share	5.22p	(24.58)p	(19.36)p	7.15p	86.35p	93.50p	13.41p	118.07p	131.48p
Weighted average number of shares in issue	109,867,711			111,163,600			110,847,197		
	£'000			£'000			£'000		
Dividends proposed and paid	5,259			5,324			14,777		
Income comprises:									
Dividends	9,050			11,868			22,380		
Interest	120			55			142		
Gains/(losses) on FX forwards	168			(318)			(232)		
	<b>9,338</b>			<b>11,605</b>			<b>22,290</b>		

## Summary Balance Sheet (unaudited)

	30 April 2014 £'000	31 October 2013 £'000	30 April 2013 £'000
Equity investments	727,599	731,373	737,955
Net current assets	96,776	126,172	88,749
<b>Total assets</b>	<b>824,375</b>	<b>857,545</b>	<b>826,704</b>
Long-term borrowings at par	(104,225)	(104,167)	(104,109)
Pension liability	(2,560)	(2,560)	(2,506)
<b>Shareholders' funds</b>	<b>717,590</b>	<b>750,818</b>	<b>720,089</b>
<b>Net asset value per share with borrowings at par</b>	<b>655.0p</b>	<b>682.7p</b>	<b>649.2p</b>

## Statement of Total Recognised Gains and Losses (unaudited)

	Six months to 30 April 2014 £'000	Six months to 30 April 2013 £'000	Year to 31 October 2013 £'000
Total recognised (losses)/gains	(21,267)	103,941	145,432*
<b>Total recognised (losses)/gains per share</b>	<b>(19.36)p</b>	<b>93.50p</b>	<b>131.20p</b>

\* Includes an actuarial deficit of £315,000.

## Reconciliation of Movements in Shareholders' Funds (unaudited)

	Six months to 30 April 2014 £'000	Six months to 30 April 2013 £'000	Year to 31 October 2013 £'000
Opening shareholders' funds	750,818	628,244	628,244
Total recognised (losses)/gains	(21,267)	103,941	145,432
Dividend payments	(9,453)	(7,395)	(12,719)
Share buybacks	(2,508)	(4,701)	(10,139)
<b>Closing shareholders' funds</b>	<b>717,590</b>	<b>720,089</b>	<b>750,818</b>

## Cash Flow Statement (unaudited)

	Six months to 30 April 2014 £'000	Six months to 30 April 2013 £'000	Year to 31 October 2013 £'000
Net cash inflow from operating activities	4,976	6,344	15,509
Servicing of finance	(3,038)	(3,038)	(6,075)
Taxation recovered	32	253	340
Purchases of investments	(195,328)	(132,468)	(257,852)
Disposals of investments	176,655	127,697	295,980
Dividends paid	(9,453)	(7,395)	(12,719)
Decrease/(increase) in current asset investments and short-term deposits	27,852	8,171	(41,410)
Share buybacks	(2,878)	(4,879)	(9,697)
<b>Decrease in cash</b>	<b>(1,182)</b>	<b>(5,315)</b>	<b>(15,924)</b>

# Notes

The interim accounts have been prepared under accounting policies consistent with those used in the preparation of the annual report and accounts for the year to 31 October 2013. The interim accounts of the Company have been prepared on a going concern basis. It is the opinion of the directors that as most of the Company's assets are readily realisable and exceed its liabilities, it is expected that the Company will continue in operational existence for the foreseeable future.

The information contained in this report for the year ended 31 October 2013 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. Where applicable, the figures have been extracted from the annual report and accounts for the year ended on that date which has been filed with the Registrar of Companies and which contains an unqualified report from the auditors. The financial information contained in this interim report does not constitute statutory accounts as defined in section 434-436 of the Companies Act 2006. The financial information for the six months ended 30 April 2014 and 30 April 2013 has not been audited.

Based on the number of shares in issue at 30 April 2014, the interim dividend will cost £5,259,000 (2013: £5,324,000) and is payable on 21 July 2014 to shareholders registered at 20 June 2014. The shares will be traded 'ex' the interim dividend from 18 June 2014 and investors purchasing on or after that date will not be entitled to the interim dividend for 2013/14.

Equity investments include the unlisted portfolio of £2.3m (31 October 2013: £3.3m).

The weighted average number of shares in issue during the half-year was 109,867,711 (2013: 111,163,600) and this figure has been used in calculating the return per share shown in the income statement. The net asset value per share at 30 April 2014 has been calculated using the number of shares in issue on that date which was 109,555,926 (31 October 2013: 109,979,926).

## Analysis of Changes in Net Debt

	31 October 2013 £'000	Cash flows £'000	Non-cash movements £'000	30 April 2014 £'000
Cash	8,785	(1,182)	–	7,603
Short-term deposits	114,774	(27,852)	–	86,922
Long-term borrowings at par	(104,167)	–	(58)	(104,225)
	<b>19,392</b>	<b>(29,034)</b>	<b>(58)</b>	<b>(9,700)</b>

## Glossary

**Total assets** means total assets less current liabilities.

**NAV** is net asset value per share after deducting borrowings at par or market value, as stated.

**Ex-income NAV** is the NAV excluding current year revenue.

**Borrowings at par** is the nominal value of the company's borrowings less any unamortised issue expenses.

**Borrowings at market value** is the company's estimate of the 'fair value' of its borrowings. The current estimated fair value of the company's borrowings is based on the redemption yield of the relevant existing reference gilt plus a margin derived from the spread of BBB UK corporate bond yields (15 years+) over UK gilt yields (15 years+). The reference gilt for the secured bonds is the 6% UK Treasury Stock 2028 and the reference gilt for the perpetual debenture stocks is the longest dated UK Treasury Stock listed in the Financial Times.

**Discount** is the difference between the market price of a share and the NAV expressed as a percentage of the NAV.

**Gearing** is the term used to describe the process of borrowing money for investment purposes in the expectation that the returns on the investments purchased will exceed the cost of those borrowings.

**Gross gearing** is the geared position if all the borrowings were invested in equities: Borrowings expressed as a percentage of shareholders' funds.

**Gearing** is the true geared position of the company: Borrowings less cash and equivalents expressed as a percentage of shareholders' funds.

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## How to Invest

The company's wholly-owned subsidiary, SIT Savings Ltd, provides a number of low-cost, flexible investment products which enable investors to acquire SIT shares easily.

## STOCKPLAN

SIT's investment trust savings scheme is one of the most cost-effective available. There is no initial plan charge, other than stamp duty and dealing spread, and no annual charge. It costs just £12.50 to sell some or all of your holding. STOCKPLAN allows you to invest regularly (minimum investment £25 per month) and/or with a lump sum (minimum investment £250). There is no maximum investment limit and you can stop and restart investing at any time.

## STOCKPLAN: A Flying Start

SIT's investing for children plan is based on the STOCKPLAN scheme. It benefits from the same low charges and flexibility and can be opened in one of two ways; either as a designated plan or, more formally, as a bare trust. STOCKPLAN: A Flying Start enables family and friends to invest on behalf of a child to help build savings for the future.

## The SIT ISA

This is one of the lowest-charging investment trust company stocks and shares ISAs on offer. There is no initial plan charge, other than stamp duty and dealing spread, nor are there closure or selling charges. The annual management fee of 0.6% of the value of the investment is currently capped at £30 + VAT regardless of how much your SIT ISA investment grows or how many years' ISA allowances you have invested with SIT.

## The SIT ISA Transfer

SIT can accept the transfer of existing stocks and shares ISAs from other qualifying managers into The SIT ISA at any time without losing the ISAs' tax status. SIT can also accept the transfer of cash ISAs into The SIT ISA. This would turn the cash ISA being transferred into a stocks and shares ISA. SIT makes no charge for transfers in. However, the current ISA manager may charge for administering the transfer out.

## The SIT SIPP

This allows investment into SIT through a low-cost, flexible, self-invested personal pension. The wide choice of investments available, including SIT, enables you to tailor the investment combination in the SIPP to suit your particular needs and objectives – whether you are just starting to contribute to your pension or are approaching retirement. You can open a SIT SIPP even if you are already an active member of an employer's pension scheme or are contributing to other pension plans. You can also set up a SIT SIPP for a child or a non-earning spouse or partner.

In addition to these products, you can buy SIT shares directly on the stockmarket through a stockbroker. Your bank, lawyer, accountant or other professional adviser may also be able to help with this. SIT's registrar, Computershare Investor Services PLC, provides a sharedealing service which can be accessed on its website, [www.investorcentre.co.uk](http://www.investorcentre.co.uk) or by telephoning 0870 703 0195.

## Update on Tax-Efficient Investing

### ISAs

The SIT ISA is a stocks and shares ISA.

- From 6 April 2014 to 30 June 2014, the overall ISA investment limit is £11,880.
- From 1 July 2014, the limit increases to £15,000.
- Transfers from previous years' cash ISAs into stocks and shares ISAs are permitted and do not count against the current year's investment.
- Investment in ISAs continues to be free from any capital gains tax. Higher and additional rate tax payers do not have to pay any further tax on the dividend, nor does it need to be included in a tax return.

## Contact Telephone Numbers

Full contact details for SIT's scheme administrator and SIT's registrar can be found on page 13.

STOCKPLAN and ISA investors wishing to:

- give a change of address
- instruct a sale
- request a valuation
- make an investment using their debit card
- change the amount of their monthly investment
- obtain help with accessing their STOCKPLAN and ISA information online
- make general enquiries about their account or scheme

can contact the scheme administrator, Halifax Share Dealing Limited (HSDL), on: 0845 850 0181 or 0113 267 1063.

SIT SIPP investors with questions about the administration of their SIPP, or any other pension-related enquiry, can contact the SIPP administrator, AJ Bell Management Limited, on: 0845 722 5525 or 0113 270 1154.

Shareholders who hold share certificates can contact the registrar, Computershare Investor Services PLC, on: 0870 703 0195.

## Dividends

### SIT STOCKPLAN and ISA schemes

The STOCKPLAN and SIT ISA schemes provide automatic reinvestment of dividends. However, they also allow for dividends to be taken as income, if required. STOCKPLAN and SIT ISA holders should contact the scheme administrator, HSDL, on 0845 850 0181 or 0113 267 1063 if they would like to change their dividend arrangements.

## Shareholders who hold share certificates

Conversely, for shareholders who hold share certificates (investors whose names are on SIT's share register and who are not in SIT's schemes) dividends are automatically paid as income. However, it is easy to arrange to have these dividends reinvested, free of charge, by joining SIT's Dividend Reinvestment Plan (DRiP). Details are available from Computershare Investor Services, SIT's registrar, on 0870 703 0195, or from the investor relations section on SIT's website, [www.sit.co.uk](http://www.sit.co.uk)

## Accessing Your Account Online

### ISA, STOCKPLAN and STOCKPLAN: A Flying Start designated scheme investors

The above scheme investors may view their accounts online by registering with [halifaxsharedealing-online](http://halifaxsharedealing-online). This can be accessed through the links in the various product sections on SIT's website, [www.sit.co.uk](http://www.sit.co.uk) or by visiting [www.halifaxsharedealing.co.uk/online](http://www.halifaxsharedealing.co.uk/online)

Please note, you will need your Share Dealing Personal Reference Number (PRN) to access this service. If you do not have this, please contact SIT's scheme administrator, HSDL, on 0845 850 0181 or 0113 267 1063.

## SIPP investors

SIPP investors can set up monthly payments, buy and sell shares and access their account online, by visiting [www.halifaxsharedealing.co.uk/online](http://www.halifaxsharedealing.co.uk/online)

## Shareholders who hold share certificates

Investors who hold share certificates can check their holdings by registering on SIT's registrar's website, [www.investorcentre.co.uk](http://www.investorcentre.co.uk) The registrar's website can also be accessed through the link in the investor relations section on SIT's website, [www.sit.co.uk](http://www.sit.co.uk)

Please note that to access this facility, investors will need to quote the shareholder reference number shown on their share certificate.

By registering for the Investors' Centre facility on Computershare's website, investors can also view details of all their holdings for which Computershare is registrar, as well as access additional facilities and documentation.

Please see [www.investorcentre.co.uk](http://www.investorcentre.co.uk) for further information.

## Electronic Communications

### Shareholders who hold share certificates

Investors who hold share certificates (i.e. investors who are not in the STOCKPLAN, ISA or SIPP schemes, nor in a broker's nominee), may choose to receive SIT's interim and annual reports and other shareholder communications electronically instead of in paper form. Investors can register by visiting the link in the investor relations section on SIT's website, [www.sit.co.uk](http://www.sit.co.uk) and providing email details. Investors will then be advised by email when an electronic communication is available to be accessed.

## Risk Warning

Past performance may not be repeated and is not a guide to future performance. The value of shares and the income from them can go down as well as up as a result of market and currency fluctuations. You may not get back the amount you invest. The Scottish Investment Trust PLC has a long-term policy of borrowing money to invest in equities in the expectation that this will improve returns but should stockmarkets fall, such borrowings would magnify losses on these investments. SIT can buy back and cancel its own shares. All other things being equal, this would have the effect of increasing gearing. Investment in SIT is intended as a long-term investment. Tax rates and reliefs can change in the future and the value of any tax advantages will depend on personal circumstances.

Please remember that we are unable to offer individual investment or taxation advice. If you require such advice, you should consult your professional adviser.

SIT Savings Limited is authorised and regulated by the Financial Conduct Authority (FCA), 25 The North Colonnade, Canary Wharf, London E14 5HS.

# Investor Information (continued)

## Board of Directors

Douglas McDougall OBE (Chairman)  
Hamish Buchan  
James MacLeod  
Russell Napier  
James Will

## Registered Office

6 Albyn Place  
Edinburgh  
EH2 4NL  
Registered no. SCO 01651

Telephone: 0131 225 7781

Website: [www.sit.co.uk](http://www.sit.co.uk)

Email: [info@sit.co.uk](mailto:info@sit.co.uk)

## Auditor

Deloitte LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2DB

## Bankers

The Royal Bank of Scotland plc  
Brown Brothers Harriman & Co

## Actuaries

Punter Southall & Co  
7 Castle Street  
Edinburgh  
EH2 3AH

## The Association of Investment Companies

SIT is a member of the Association of Investment Companies (AIC) which publishes a number of useful factsheets and email updates for investors interested in investment trust companies.

The AIC  
9th Floor  
24 Chiswell Street  
London  
EC1Y 4YY

Telephone: 0207 282 5555

Website: [www.theaic.co.uk](http://www.theaic.co.uk)

## Investor Relations

For further information and brochures on any SIT products please visit our website, [www.sit.co.uk](http://www.sit.co.uk) or contact:

SIT Investor Relations  
SIT Savings Limited  
Freepost EH882  
Edinburgh  
EH2 0BR

Brochure Request Line: 0800 42 44 22

Email: [info@sit.co.uk](mailto:info@sit.co.uk)

For valuations and other details of your investment or to notify a change of address, please contact the following:

## Shareholders who hold share certificates:

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ

Helpline: 0870 703 0195

Website: [www.investorcentre.co.uk](http://www.investorcentre.co.uk)

## STOCKPLAN, STOCKPLAN: A Flying Start and The SIT ISA investors:

SIT Schemes  
Halifax Share Dealing Limited  
Lovell Park Road  
Leeds  
LS1 1NS

Helpline: 0845 850 0181 or 0113 267 1063

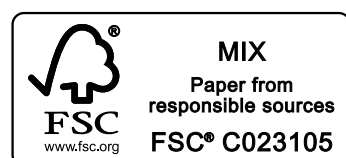
Website: [www.halifaxsharedealing.co.uk/online](http://www.halifaxsharedealing.co.uk/online)

## The SIT SIPP investors:

If you have any specific questions about the administration of your SIT SIPP, or any other pension-related enquiries, please contact The SIT SIPP Administrator, AJ Bell Management Limited:

The SIT SIPP  
Halifax Share Dealing SIPP Administration Team  
AJ Bell Management Limited  
Trafford House  
Chester Road  
Manchester  
M32 0RS

Helpline: 0845 722 5525 or 0113 270 1154





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