

The Scottish Investment Trust PLC

Interim Report
For the six months to 30 April 2015



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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 are listed on page 6 of the 2014 Annual Report and Accounts and they are unchanged from that year. An explanation of these risks and how they are managed is set out in Note 17 on pages 39 to 44 of the Annual Report and Accounts.

Responsibility statement

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

- the condensed set of financial statements, 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;
- 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;
- the interim report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy; and
- 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
1 June 2015

The Company

Company Data as at 30 April 2015

£904,860,000

Total Assets

£797,907,000

Shareholders' Funds

£694,968,000

Market Capitalisation

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 board of SIT appointed the company's wholly-owned subsidiary, SIT Savings Limited, as its Alternative Investment Fund Manager (AIFM). Day to day management of the company is delegated to the company's executive management which reports directly to the board.

Capital Structure

At 30 April 2015, the company had in issue 107,496,926 shares. Long-term borrowings at par amounted to £104,340,000 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 £4,887,000. The ongoing charges ratio was 0.68%. The company aims to keep this percentage low in comparison with competing investment products.

Dividend

An interim dividend of 5.00p (2014: 4.80p) has been declared and is payable on 20 July 2015 to shareholders registered at close of business on 19 June 2015.

ISA and SIPP

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

Investor Disclosure Document

In accordance with the Financial Conduct Authority rules implementing the EU Alternative Investment Fund Managers Directive (AIFMD), certain information must be made available to investors before they invest. The company's Investor Disclosure Document can be found on the company's website www.sit.co.uk

The Association of Investment Companies (AIC)

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

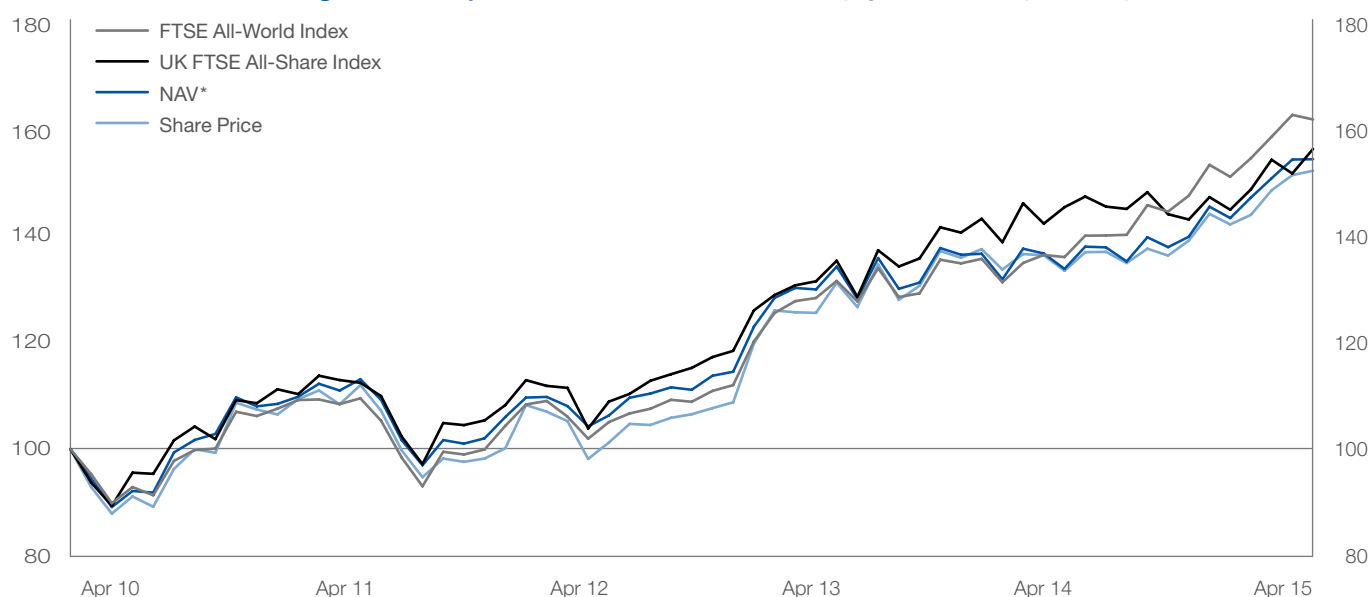
Financial Highlights

	30 April 2015	31 October 2014	Change %	Total return %
NAV with borrowings at market value	718.9p	661.6p	8.7	9.8
NAV with borrowings at par	742.3p	679.5p	9.2	10.4
Ex-income NAV with borrowings at market value	711.1p	654.8p	8.6	
Ex-income NAV with borrowings at par	734.4p	672.7p	9.2	
Share price	646.5p	598.0p	8.1	9.4
Discount to ex-income NAV with borrowings at market value	9.1%	8.7%		
FTSE All-World Index			8.4	9.6
UK FTSE All-Share Index			7.3	9.2

	£'000	£'000	
Equity investments	841,752	767,179	
Net current assets	63,108	74,010	
Total assets	904,860	841,189	
Long-term borrowings at par	(104,340)	(104,283)	
Pension liability	(2,613)	(2,613)	
Shareholders' funds	797,907	734,293	

	Six months to 30 April 2015 £'000	Six months to 30 April 2014 £'000	%
Total income	11,858	9,338	27.0
Earnings per share	7.82p	5.22p	
Interim dividend per share	5.00p	4.80p	4.2
UK Consumer Prices Index – annual inflation			(0.1)
UK Retail Prices Index – annual inflation			0.9

NAV* and Share Price against Comparator Indices Total Return (5 years to 30 April 2015)



* With borrowings at par.

Chairman's Review

In the six months to 30 April 2015, the net asset value per share (NAV) total return was +9.8%.¹ The share price total return over the same period was +9.4%.

The portfolio is not modelled on any index and, as a consequence, the company does not have a formal benchmark. Performance is instead reviewed in the context of returns from broad baskets of international and UK equities. Over the review period, the FTSE All-World Index total return was +9.6% and the UK FTSE All-Share Index total return was +9.2%.

Global stockmarkets made a strong start to the financial year, driven by further monetary stimulus from central banks. Tepid economic growth prospects and renewed concerns about deflation led to extended deployment of negative interest rates and in some cases, negative government bond yields.

The European Central Bank launched an inaugural one trillion euro quantitative easing (QE) programme, while Japan extended its programme. The US Federal Reserve continued to moot an increase in interest rates but expectations of when this would occur were pushed back.

The equity portfolio returned 10.5% with its overall structure little changed since the year-end. As we rationalised our holdings, we reduced Health Care and Technology and added to Utilities and the consumer sectors. On a regional basis, the largest move was from North America into Japan, as Japanese companies have made clear efforts to operate in a more shareholder-friendly manner.

Our Consumer Goods holdings produced the highest total return for the portfolio, with a gain of £16.2m. The largest contribution was from Pandora, whose branded jewellery remains very popular, while G-III Apparel enjoyed success with the Calvin Klein brand in the US. Continental and Toyota Motor both benefited from strength in the global automotive sector.

Industrials returned £15.3m, helped by a weak euro and economic recovery in the eurozone. The largest individual gains were from Dürr, which made a well-received acquisition, and Adecco, the Switzerland-based recruitment agency. The only loss was from Weir, which we sold, as demand slowed for commodity extraction.

Financials were the largest constituent of the portfolio throughout the period and produced a gain of £13.9m. The largest holding, Sampo, delivered a solid performance and an increased dividend. British Land benefited from a strong UK commercial property market, while Sumitomo Mitsui Financial Group gained on the improved outlook for Japan.

Technology holdings returned £9.2m. Our Chinese internet holdings delivered a mixed performance with a good gain from Tencent but a loss from Baidu. Apple enjoyed particularly strong new iPhone sales and NXP Semiconductors made a potentially transformational acquisition. We lost confidence in the prospects for SanDisk and sold our holding, while Qualcomm suffered from regulatory concerns.

Our Consumer Services holdings produced a return of £7.8m, with the largest individual gain from US retailer Ross Stores. Comcast gained from increased internet broadband usage but withdrew from a proposed deal for Time Warner Cable. Sands China suffered from a slowdown in gaming revenues in Macau, while a new purchase of Wal-Mart Stores proved ill-timed as operating costs increased.

Health Care holdings made a gain of £7.5m, with the largest contribution from UnitedHealth, which continues to benefit from developments in the US healthcare market. Biogen also gained owing to strong sales of their multiple sclerosis drug. We took profits in healthcare holdings which had appreciated strongly since purchase.

Within Telecommunications, our holdings produced a return of £6.4m. The largest gain was from BT as the proposed acquisition of mobile operator EE was well received.

Our Utilities holdings returned £2.8m, with the largest gain from China-based gas utility ENN Energy. Engie (formerly GDF Suez) made a small loss for the portfolio. We made a substantial investment in United Utilities, which has attractive infrastructure assets and offers a reliable, growing dividend yield.

Basic Materials made a modest gain of £1.5m, driven by our Chemicals holdings. Brazilian mining company Vale suffered due to the decline in the iron ore price.

Our Oil & Gas holdings were flat over the period. The oil price fell heavily, which hurt the value of Royal Dutch Shell and National Oilwell Varco, while we sold Continental Resources for a loss. More positively, one of the larger gains in the portfolio was from Baker Hughes which was the subject of a takeover bid.

Gearing, Income and Dividends

Gearing was modestly increased from 4% to 5% over the period. Total income, which increased by 27% compared to a year ago, has benefited from a decision to increase gearing as well as from portfolio changes and special dividends. The board has declared an interim dividend of 5.00p per share (2014: 4.80p), an increase of 4.2%.

Discount and Share Buybacks

The discount at which the share price trades to the NAV was again broadly stable and finished the period at 9% based on the ex-income NAV with borrowings at market value. The company has a formal policy that aims to maintain the discount at or below 9%. During the period 0.6m shares were purchased for cancellation (2014: 0.4m) at an average discount of 9.6% and a cost of £3.6m (2014: £2.5m).

Appointment of Manager

Alasdair McKinnon was appointed Manager of the company in February 2015 after serving as Acting Manager since July 2014.

Board Composition

Ian Hunter was appointed a non-executive Director in December 2014 and elected at the annual general meeting held in January 2015. Ian is a chartered accountant and member of the Chartered Institute of Taxation. Throughout his career he has been heavily involved in advising investment trust companies.

Outlook

Politicians and central bankers remain scarred by the financial crisis of 2008/9 and do not wish to destabilise investment markets; low or even negative interest rates have driven up the valuation of equities and bonds. While we worry about how this cycle will end, we take comfort from the belief that our portfolio consists of sound companies, and the uninvested portion of our long-term debt provides around £55m of fire power against the possibility of a setback in equity markets.



Douglas McDougall
Chairman
1 June 2015

⁽¹⁾ NAV with borrowings at market value. Total return is the combination of capital and income.

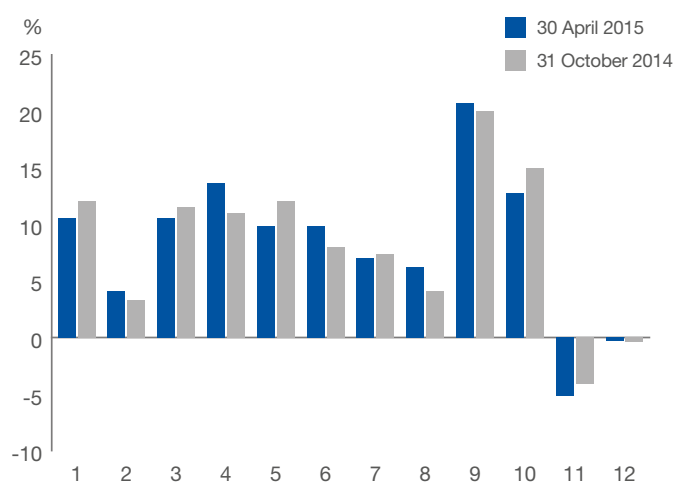
NAV Relative Performance Attribution

Six months to 30 April 2015

Relative to FTSE:	All-World %	All-Share (UK) %
NAV total return (with borrowings at market value)	+9.8	+9.8
Index total return	+9.6	+9.2
Relative performance	+0.2	+0.6
Total equities	+0.9	+1.3
Gearing	+0.8	+0.8
Other income, tax and currency	-0.1	-0.1
Buybacks	+0.1	+0.1
Interest and expenses	-0.7	-0.7
Change in market value of borrowings	-0.8	-0.8
Relative performance	+0.2	+0.6

Distribution of Shareholders' Funds

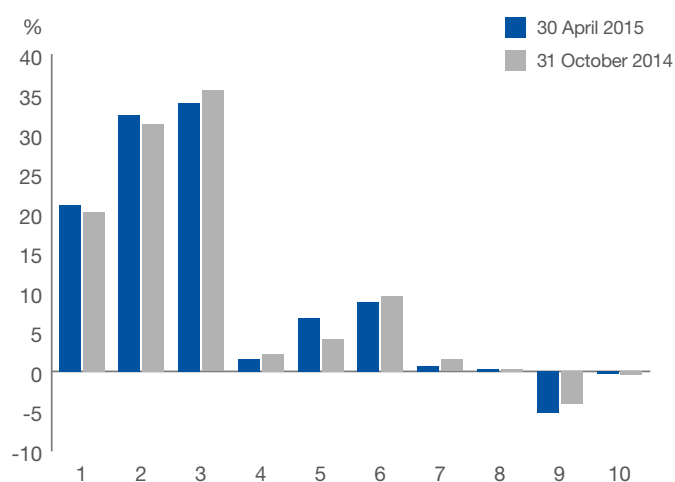
By Industry



	30 April 2015 %	31 October 2014 %
1 Oil & Gas	10.6	12.1
2 Basic Materials	4.1	3.3
3 Industrials	10.6	11.5
4 Consumer Goods	13.7	11.0
5 Health Care	9.9	12.1
6 Consumer Services	9.9	8.0
7 Telecommunications	7.0	7.4
8 Utilities	6.2	4.1
9 Financials ⁽¹⁾	20.7	20.0
10 Technology	12.8	15.0
Total equities	105.5	104.5
Net current assets	7.9	10.1
Borrowings at par	(13.1)	(14.2)
11 Gearing	(5.2)	(4.1)
12 Pension liability	(0.3)	(0.4)
Shareholders' funds	100.0	100.0

⁽¹⁾ Includes unlisted.

By Region



	30 April 2015 %	31 October 2014 %
1 UK	21.0	20.1
2 Europe (ex UK)	32.4	31.3
3 North America	33.9	35.5
4 Latin America	1.6	2.2
5 Japan	6.8	4.1
6 Asia Pacific (ex Japan)	8.8	9.5
7 Middle East & Africa	0.7	1.5
8 Unlisted	0.3	0.3
Total equities	105.5	104.5
Net current assets	7.9	10.1
Borrowings at par	(13.1)	(14.2)
9 Gearing	(5.2)	(4.1)
10 Pension liability	(0.3)	(0.4)
Shareholders' funds	100.0	100.0

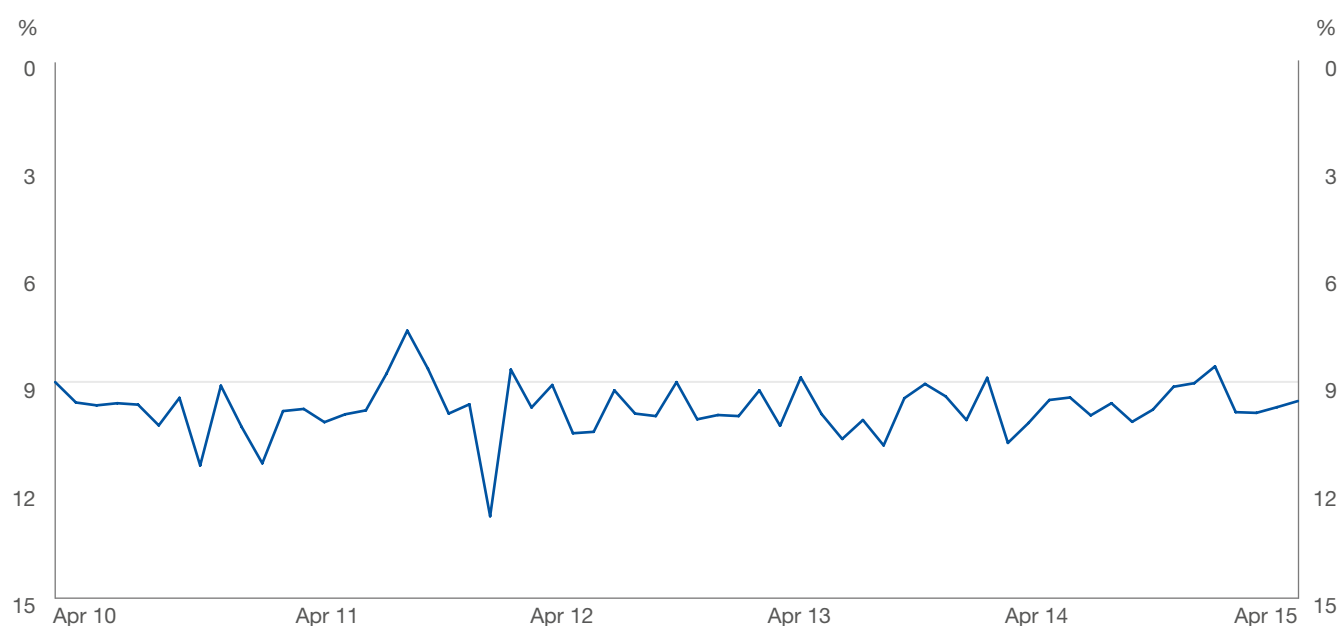
Changes in Asset Distribution by Industry

	31 October 2014 £m	Net purchases (sales) £m	30 April 2015 £m	Appreciation (depreciation) £m	Dividend income £m	Total return £m
Oil & Gas	89.1	(3.6)	84.3	(1.2)	1.3	0.1
Basic Materials	24.3	7.0	32.4	1.1	0.4	1.5
Industrials	84.9	(14.1)	85.0	14.2	1.1	15.3
Consumer Goods	80.6	13.7	109.1	14.8	1.4	16.2
Health Care	88.5	(16.3)	78.7	6.5	1.0	7.5
Consumer Services	58.8	13.3	79.3	7.2	0.6	7.8
Telecommunications	54.0	(4.0)	55.7	5.7	0.7	6.4
Utilities	30.0	17.7	49.9	2.2	0.6	2.8
Financials ¹	147.1	8.2	165.5	10.2	3.7	13.9
Technology	109.9	(16.3)	101.8	8.2	1.0	9.2
Total equities	767.2	5.6	841.7	68.9	11.8	80.7
Net current assets	74.0	(11.0)	63.1			
Total assets	841.2	(5.4)	904.8			
Long-term borrowings at par	(104.3)	(0.1)	(104.3)			
Pension liability	(2.6)	–	(2.6)			
Shareholders' funds	734.3	(5.5)	797.9			

⁽¹⁾ Includes unlisted.

Discount to ex-income NAV*

5 years to 30 April 2015



* With borrowings at market value.

List of Investments

as at 30 April 2015

Listed Equities

Holding	Country	Market value £'000	Cumulative weight %	Holding	Country	Market value £'000	Cumulative weight %
Sampo	Finland	27,651*		Vinci	France	6,670	
UnitedHealth	US	24,129*		NXP Semiconductors	US	6,505	
Microsoft	US	21,224*		Associated British Foods	UK	6,414	
Pandora	Denmark	19,537*		Airbus	Netherlands	6,291	
United Utilities	UK	18,488*		Wirecard	Germany	6,268	
Comcast	US	18,125*		Glacier Bancorp	US	5,868	
Severn Trent	UK	17,738*		HSBC	UK	5,854	
Sumitomo Mitsui Financial	Japan	17,652*		Cedar Fair Entertainment	US	5,803	
Royal Dutch Shell	UK	16,622*		Engie	France	5,693	
Roche	Switzerland	15,837*	23.4	WPP	UK	5,626	87.2
British Land	UK	13,907		Avery Dennison	US	5,456	
Continental	Germany	13,904		Goldman Sachs	US	5,395	
Apple	US	13,799		Aspen Pharmacare	South Africa	5,261	
BNP Paribas	France	13,221		Rio Tinto	UK	5,106	
BT	UK	13,132		Spectris	UK	5,011	
Total	France	11,945		Tourmaline Oil	Canada	4,995	
Persimmon	UK	11,736		Exxon Mobil	US	4,776	
Johnson & Johnson	US	11,484		TGS-NOPEC Geophysical	Norway	4,698	
Baker Hughes	US	11,315		BorgWarner	US	4,507	
Ross Stores	US	10,899	38.3	Fast Retailing	Japan	4,475	93.1
ASML	Netherlands	10,830		MedicX Fund	UK	4,384	
Fuchs Petrolub	Germany	10,472		Vivendi	France	4,314	
Coloplast	Denmark	10,302		National Oilwell Varco	US	4,102	
US Bancorp	US	10,283		ING	Netherlands	4,022	
BHP Billiton	UK	10,218		Panasonic	Japan	4,021	
PepsiCo	US	10,212		Calumet Speciality Products	US	3,945	
Dürr	Germany	10,038		Ambev	Brazil	3,907	
G-III Apparel	US	9,983		ANZ Banking	Australia	3,824	
KDDI	Japan	9,891		Pfizer	US	3,752	
Tencent	China	9,868	50.4	Amazon.com	US	3,430	97.8
BASF	Germany	9,703		Advanced Info Service	Thailand	3,269	
Toyota Motor	Japan	9,493		Freehold Royalties	Canada	3,110	
Svenska Handelsbanken	Sweden	9,467		Safran	France	3,045	
Signature Bank	US	9,380		Vodafone	UK	2,689	
Verizon Communications	US	9,373		Sands China	Hong Kong	2,551	
DBS	Singapore	9,238		Vale	Brazil	1,952	
Telstra	Australia	9,065		Total listed equities		839,676	99.8
Deutsche Post	Germany	8,828					
Sydney Airport	Australia	8,650					
Wal-Mart Stores	US	8,581	61.3				
Qualcomm	US	8,467					
Adecco	Switzerland	8,382					
Howden Joinery	UK	8,357					
Sony	Japan	8,299					
Telenor	Norway	8,280					
Chevron	US	8,275					
Standard Life	UK	8,240					
Baidu	China	8,223					
ENN Energy	China	7,977					
Biogen	US	7,908	71.1				
SAP	Germany	7,905					
Capital One Financial	US	7,797					
Jardine Matheson	Singapore	7,778					
Google	US	7,747					
Micro Focus International	UK	7,278					
Zurich Insurance	Switzerland	7,239					
NCC	Sweden	7,152					
Inditex	Spain	7,130					
GKN	UK	7,125					
Aeropuerto del Sureste	Mexico	6,908	79.9				

Unlisted

Holding	Country	Market value £'000	Cumulative weight %
Heritable Property & Subsidiaries	UK	1,227	
Apax Europe V-B	UK	314	
Boston Ventures	US	535	
Total unlisted		2,076	0.2
Total equities		841,752	100.0

* Denotes 10 largest holdings with an aggregate market value of £197,003,000.

Income Statement (unaudited)

	Six months to 30 April 2015			Six months to 30 April 2014			Year to 31 October 2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net gains/(losses) on investments held at fair value through profit and loss	-	68,978	68,978	-	(22,092)	(22,092)	-	4,478	4,478
Net gains/(losses) on currencies	-	132	132	-	(2,315)	(2,315)	-	(1,993)	(1,993)
Income	11,858	-	11,858	9,338	-	9,338	19,854	-	19,854
Expenses	(1,390)	(966)	(2,356)	(1,506)	(1,046)	(2,552)	(2,884)	(2,003)	(4,887)
Net Return before Finance Costs and Taxation	10,468	68,144	78,612	7,832	(25,453)	(17,621)	16,970	482	17,452
Interest payable	(1,548)	(1,547)	(3,095)	(1,547)	(1,548)	(3,095)	(3,096)	(3,095)	(6,191)
Return on Ordinary Activities before Tax	8,920	66,597	75,517	6,285	(27,001)	(20,716)	13,874	(2,613)	11,261
Tax on ordinary activities	(479)	-	(479)	(551)	-	(551)	(1,298)	-	(1,298)
Return attributable to Shareholders	8,441	66,597	75,038	5,734	(27,001)	(21,267)	12,576	(2,613)	9,963
Return per share	7.82p	61.72p	69.54p	5.22p	(24.58)p	(19.36)p	11.51p	(2.39)p	9.12p
Weighted average number of shares in issue	107,906,871			109,867,711			109,263,104		
	£'000			£'000			£'000		
Dividends proposed and paid	5,375			5,232			13,013		
Income comprises:									
Dividends	11,787			9,050			19,496		
Interest	71			120			250		
Gains on forward currency sales	-			168			108		
	11,858			9,338			19,854		

Summary Balance Sheet (unaudited)

	30 April 2015 £'000	31 October 2014 £'000	30 April 2014 £'000
Equity investments	841,752	767,179	727,599
Net current assets	63,108	74,010	96,776
Total assets	904,860	841,189	824,375
Long-term borrowings at par	(104,340)	(104,283)	(104,225)
Pension liability	(2,613)	(2,613)	(2,560)
Shareholders' funds	797,907	734,293	717,590
Net asset value per share with borrowings at par	742.3p	679.5p	655.0p

Statement of Total Recognised Gains and Losses (unaudited)

	Six months to 30 April 2015 £'000	Six months to 30 April 2014 £'000	Year to 31 October 2014 £'000
Total recognised gains/(losses)	75,038	(21,267)	9,468*
Total recognised gains/(losses) per share	69.54p	(19.36)p	8.67p

* Includes an actuarial deficit of £495,000.

Reconciliation of Movements in Shareholders' Funds (unaudited)

	Six months to 30 April 2015 £'000	Six months to 30 April 2014 £'000	Year to 31 October 2014 £'000
Opening shareholders' funds	734,293	750,818	750,818
Total recognised gains/(losses)	75,038	(21,267)	9,468
Dividend payments	(7,781)	(9,453)	(14,685)
Share buybacks	(3,643)	(2,508)	(11,308)
Closing shareholders' funds	797,907	717,590	734,293

Cash Flow Statement (unaudited)

	Six months to 30 April 2015 £'000	Six months to 30 April 2014 £'000	Year to 31 October 2014 £'000
Net cash inflow from operating activities	6,778	4,976	13,367
Servicing of finance	(3,038)	(3,038)	(6,075)
Taxation recovered	30	32	54
Purchases of investments	(89,941)	(195,328)	(280,401)
Disposals of investments	80,253	176,655	259,082
Dividends paid	(7,781)	(9,453)	(14,685)
Decrease in short-term deposits	15,718	27,852	44,774
Share buybacks	(3,320)	(2,878)	(11,927)
(Decrease)/increase in cash	(1,301)	(1,182)	4,189

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 2014. 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 2014 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 2015 and 30 April 2014 has not been audited.

Based on the number of shares in issue at 30 April 2015, the interim dividend will cost £5,375,000 (2014: £5,232,000) and is payable on 20 July 2015 to shareholders registered at 19 June 2015. The shares will be traded 'ex' the interim dividend from 18 June 2015 and investors purchasing on or after that date will not be entitled to the interim dividend for 2014/15.

Equity investments include the unlisted portfolio of £2.1m (31 October 2014: £2.4m).

The weighted average number of shares in issue during the half-year was 107,906,871 (2014: 109,867,711) 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 2015 has been calculated using the number of shares in issue on that date which was 107,496,926 (31 October 2014: 108,066,926).

The tax charge for the period is lower than that resulting from applying the standard rate of corporation tax in the UK of 21% for the year 2014/15 and 20% for the tax year 2015/16.

Analysis of Changes in Net Debt

	31 October 2014 £'000	Cash flows £'000	Non-cash movements £'000	30 April 2015 £'000
Cash	12,974	(1,301)	–	11,673
Short-term deposits	70,000	(15,718)	–	54,282
Long-term borrowings at par	(104,283)	–	(57)	(104,340)
	(21,309)	(17,019)	(57)	(38,385)

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.

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 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 or by telephoning 0870 703 0195.

Update on Tax-Efficient Investing ISAs

The SIT ISA is a stocks and shares ISA.

- The annual ISA investment limit for the current tax year is £15,240.
- Transfers from previous years' ISAs are permitted and do not count against the current year's investment.
- The surviving spouse/civil partner of a deceased ISA holder can receive an additional ISA allowance on top of their own annual ISA allowance.
- Investment gains in ISAs continue to be free from any capital gains tax. Higher and additional rate tax payers do not have to pay any further tax on dividends, nor do they 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:

- notify 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

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. This can be accessed through the links in the various product sections on SIT's website, www.sit.co.uk or by visiting 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

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 The registrar's website can also be accessed through the link in the investor relations section on SIT's website, 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 Investor 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 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 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. 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 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
Russell Napier
James Will
Ian Hunter

Registered Office

6 Albyn Place
Edinburgh
EH2 4NL
Registered no. SC001651

Telephone: 0131 225 7781

Website: www.sit.co.uk

Email: info@sit.co.uk

Depository

Northern Trust Global Services Limited
50 Bank Street
Canary Wharf
London E14 5NT

Custodian

The Northern Trust Company
50 Bank Street
Canary Wharf
London E14 5NT

Auditor

Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2DB

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

Investor Relations

For further information and brochures on any SIT products please visit our website, www.sit.co.uk or contact:

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

Brochure Request Line: 0800 424 422

Email: 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

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

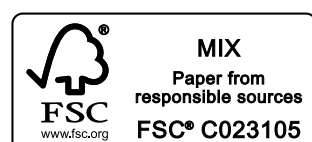
Website: www.halifaxsharedealing.co.uk/online

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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