

Closure of the STOCKPLAN, A Flying Start and SIT ISA schemes

Questions and Answers

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What is happening?

From 10 November 2017 SIT Savings Ltd. (SIT Savings) will no longer provide your scheme. Unless you decide to take one of the alternative options, you will become a customer of AJ Bell Youinvest, and the shares and cash in your scheme will be transferred to a Dealing account or ISA, as appropriate, provided by AJ Bell Youinvest. SIT Savings' schemes (the schemes) will no longer be available after this date.

Why is this happening?

The current administrator of the schemes, Halifax Share Dealing Ltd. (HSDL) has withdrawn from the business of administering investment trust savings schemes and has advised us that it will no longer be able to provide administration for the schemes. We have been unable to find a replacement administrator on acceptable terms and accordingly we will be closing the schemes and, unless one of the alternative options is selected, transferring scheme investors to AJ Bell Youinvest, a leading share dealing platform.

Who is AJ Bell?

AJ Bell Youinvest is an experienced, award winning product provider, offering a wide range of online accounts through which a number of investments, including shares in the Scottish Investment Trust, may be held. AJ Bell administers £36.3 billion of assets on behalf of 152,400 customers (as at 31 March 2017). AJ Bell Securities Limited is authorised and regulated by the Financial Conduct Authority and is an approved ISA manager. Please refer to the AJ Bell Youinvest website for more information at www.youinvest.co.uk.

Why have we chosen AJ Bell Youinvest?

AJ Bell Youinvest offers a wide range of accounts, including Dealing accounts, bare trusts, SIPPs, and ISAs, including Junior and Lifetime ISAs, through which shares in the Scottish Investment Trust (SIT) may be purchased. AJ Bell has over 20 years' experience in investment administration. It has a reputation for high standards of customer service combined with low charges and has consistently won industry awards in recognition of its service.

Will there be any changes to charges as a result of the transfer to AJ Bell Youinvest?

- Yes - some scheme holders may find that they are paying more in charges, others, particularly ISA investors, may find that they are paying less.
- AJ Bell Youinvest offers a different type of service to that of SIT Savings and applies an annual custody charge of 0.25% which is capped at a maximum of £7.50 per quarter (£30 per year) for each Dealing and ISA account.
- However, as part of the terms negotiated with AJ Bell, the first year's annual custody charge for those transferring from STOCKPLAN and A Flying Start will be refunded in full.
- The AJ Bell Youinvest ISA annual custody charge of 0.25% capped at a maximum £30, is less than the current standard SIT ISA annual account fee of 0.6% capped at £36.
- SIT ISA customers will have the six-month ISA fee due in October 2017 waived.
- AJ Bell Youinvest is also offering transferring holders the ability to deal in SIT shares online for the first year after transfer at a reduced charge of £4.95 per deal (reduced from £9.95). If a regular investment is instructed these regular deals will be chargeable at £1.50 each.
- There will also be no automatic dividend re-investment charges for the first two years after transfer in both the AJ Bell Youinvest Dealing account and ISA.

We have set out the main differences in charges in the table on the following page.

Table of comparison of key charges

	SIT Savings	AJ Bell Youinvest
Annual charge for holding shares in the Scottish Investment Trust		
ISA	The SIT ISA - standard ISA fee 0.6% (max £36) p.a. Charged six-monthly	Stocks and Shares ISA - custody charge 0.25% (max £30) p.a. Charged quarterly
STOCKPLAN/Dealing Account	STOCKPLAN - No charge	Dealing Account - custody charge 0.25% (max £30) p.a. Charged quarterly This charge will be refunded for SIT Savings customers for the first year from date of transfer.
Dealing charges per transaction of shares in the Scottish Investment Trust		
Online purchase	Not available	£4.95 per deal for 1st year from transfer then £9.95 thereafter.
Online sale	Not available	£4.95 per deal for 1st year from transfer then £9.95 thereafter.
Telephone purchase	Nil	£29.95
Telephone sale STOCKPLAN	£12.50	£29.95
Telephone sale ISA	No charge	£29.95
Automatic dividend reinvestment	No charge	No charge for the first two years from transfer, thereafter; 1% (min £1.50, max £9.95) per dividend
Regular investment	No charge	£1.50 per deal
Other charges		
Transfer of Scottish Investment Trust Shares to another provider	£36	No charge until 10 May 2018, thereafter: Stocks and Shares ISA and Dealing Account - £25 per holding
Disinvestment	N/A	If AJ Bell needs to sell some of your holding to cover charges - £29.95

Please note: Different dealing and custody charges will apply for investments in other shares or funds.

A full list of AJ Bell Youinvest charges and rates can be found on their website; www.youinvest.co.uk.

Can you give me more detail on the options?

You have three options:

1. Transfer to AJ Bell Youinvest.

The shares and un-invested cash in your saving scheme will automatically be transferred to AJ Bell Youinvest on Friday 10 November 2017. As part of this process AJ Bell Youinvest will open an account for you and you will be provided with a username and password to enable you to access your new account online. AJ Bell Youinvest aims to have your new online account available from Monday 13 November 2017.

Any direct debit and regular subscription or investment instructions will not be transferred over. Please therefore complete and return the enclosed direct debit and ISA subscription or Dealing account payment form, as appropriate, to AJ Bell Youinvest. Charges will apply. The first direct debit will be collected after the transfer is complete.

Alternatively, you may open an account with AJ Bell Youinvest now – to give you more time to familiarise yourself with their website before your investments are transferred, you may wish to open an ISA or Dealing account now. Your shares and un-invested cash will still be transferred over on Tuesday 10 November. Please see the account opening instructions on page 8 for a comprehensive instruction. Please note that you cannot open a Dealing account online for a bare trust or a joint or designated account.

If you currently reinvest your dividends, this will continue automatically.

2. Transfer to another provider free of charge.

You can transfer your SIT holding to a different provider of your choice free of charge. If you would like to transfer to another provider, you will need to arrange this with your chosen provider. To enable that transfer to take place before Friday 10 November 2017, the current scheme administrator, HSDL, will need to receive a full and complete transfer instruction from your new provider by Tuesday 10 October 2017.

If HSDL do not receive an instruction by this date, your SIT shares and cash will transfer to AJ Bell Youinvest. However, you will still be able to transfer to your chosen provider after Friday 10 November 2017 if you arrange for your chosen provider to give the instruction to AJ Bell Youinvest. AJ Bell Youinvest has agreed that it will not charge you to transfer your ISA or shares to another provider if it receives the instruction by 10 May 2018. A charge may apply for transfers after this date.

3. Sell your investments free of charge and close your scheme.

You may sell your SIT holding free of charge up to 7 November 2017: in the case of a bare trust, by sending a written instruction, quoting the relevant account code and signed by all trustees, to HSDL – at the address on page 7; and for all other schemes, by telephoning HSDL on 0345 850 0181. Please have your account code and, if known, your PIN to hand when calling.

There may be a capital gains tax liability when you sell shares held within a non-ISA scheme, if overall gains for the tax year exceed the annual exempt amount set by Parliament.

If you sell shares held within your ISA and take the cash proceeds, you will no longer benefit from the tax advantages of an ISA.

We cannot offer any taxation or investment advice. If you have any doubts about the action you should take we recommend that you speak to a financial adviser. There may be a cost for this advice.

For Flying Start bare trust accounts, payment will be made by cheque in trust for the beneficiary. For STOCKPLAN and ISA accounts payment can be made to your bank account or by cheque.

What will happen when I transfer to AJ Bell Youinvest?

Unless you open an account in advance, (n.b. this is not applicable to bare trust and, joint or designated STOCKPLAN accounts) AJ Bell Youinvest will contact you at the end of October 2017 with the details you need to log in to your new account.

Your SIT shares and cash balance will be transferred to your AJ Bell Youinvest online account on 10 November 2017.

You should be able to make payments and trade via your AJ Bell Youinvest online. AJ Bell Youinvest aim to have this account available from Monday 13 November 2017.

AJ Bell may need to request additional information from you to verify your identity.

Cash added to your AJ Bell Youinvest account will not automatically be used to buy Scottish Investment Trust shares and you will need to set up a dealing instruction, either for a one-off deal, or a regular investment.

If I have a regular subscription or investment will I need to set up a new Direct Debit instruction?

Yes, your existing regular subscription or investment will stop after Wednesday 1 November 2017. You will need to set up a new direct debit instruction with AJ Bell Youinvest. You can do this by completing the ISA subscription form or Dealing account payment form enclosed and returning it in the prepaid envelope. Please note that AJ Bell collects direct debits on the first working day of each month. If a regular investment is instructed these regular deals will be charged at £1.50 each.

As existing regular subscriptions or investments will cease from Wednesday 1 November 2017, you may find that you miss a payment before your new Direct Debit is set-up by AJ Bell. If this is the case and you would like to top-up your account, you can do so online with AJ Bell Youinvest.

Will my terms and conditions change?

Yes. The AJ Bell Youinvest terms and conditions will apply from when your account is opened. We have enclosed a copy of these terms and conditions which you should read carefully.

Key differences include

- AJ Bell Youinvest accounts are managed online.
- AJ Bell Youinvest allows deals to be placed online or by phone, but deals placed over the phone are significantly more expensive.
- AJ Bell Youinvest will accept lower minimum payments into your account.
- AJ Bell Youinvest will treat joint accounts as being held in equal shares by all account holders separately. This means that, if an account holder dies, they will accept instructions from the deceased's personal representatives in relation to the deceased's share. Under the current schemes terms and conditions, the deceased's interest in a saving scheme would belong to the surviving account holders.
- AJ Bell Youinvest will give you 30 days' notice of any changes to the terms and conditions which are to your disadvantage. If you object to this change, you may close your account or transfer to another provider within this period.
- English law applies to the AJ Bell terms and conditions.

You can find the current SIT Savings schemes terms and conditions at www.thescottish.co.uk or to request a copy, email; info@thescottish.co.uk or telephone us on 0131 225 7781.

If I don't want to use the AJ Bell Youinvest online service, can I still operate my account by telephone?

Yes, although initial activation of your AJ Bell Youinvest account must be made online.

If you want to operate your account only by telephone this is possible but this is substantially more expensive than online. See the Comparison of Key Charges Table on page 3 for more details.

Operating your account via telephone may also not be entirely practical as you can only access your dealing confirmations, statements, tax certificates etc. online.

If you wish to deal by telephone and have all documentation sent to you by post you will need to transfer to another provider, who offers such a service. Such a transfer can be done free of charge. To enable that transfer to take place before 10 November 2017, the current scheme administrator HSDL will need to receive a full and complete transfer instruction from your new provider by 10 October 2017.

Provider charges vary widely and we would recommend establishing the charges for telephone dealing with your preferred provider.

If I don't want to use the AJ Bell Youinvest online service, can I still operate my account by post?

No. If you want to operate your account only by post you will need to transfer to another provider. Such a transfer can be done free of charge. To enable that transfer to take place before 10 November 2017, the current scheme administrator, HSDL, will need to receive a full and complete transfer instruction from your new provider by 10 October 2017.

Provider charges vary widely and we would recommend establishing the charges for postal dealing with your preferred provider.

Will there be any changes to the way my SIT dividends are paid?

If you currently have your dividends reinvested this will continue after the transfer. If you currently receive your dividends in cash, the cash will be credited to your AJ Bell Youinvest account but not used to purchase shares. If you would rather have income from your investments paid to your bank account, you can choose this option once you're with AJ Bell Youinvest. Please see AJ Bell Youinvest's website for more information: www.youinvest.co.uk

What happens if I already have an account with AJ Bell Youinvest?

Where AJ Bell Youinvest has sufficient information to confirm you are the account holder, it automatically will merge the relevant account. If this is a different account type to the one being transferred from SIT Savings, these will appear separately but under your existing AJ Bell Youinvest log in.

Will I receive a statement when my scheme transfers to AJ Bell Youinvest?

HSDL will send you a statement in January 2018 after the transfer to AJ Bell Youinvest has taken place and a consolidated Tax Voucher, covering the period up to the transfer, will be sent in May 2018. This will be the last statement you will receive from the current schemes.

Going forward, you will receive quarterly statements from AJ Bell Youinvest, these will be added into the 'documents' area on your online account and you will receive an email notification when they are available.

Will there be any changes to the way my assets and money are held?

Currently HSDL acts as the custodian of the shares held within your scheme. The transfer to AJ Bell Youinvest means that the shares held in your scheme will be transferred to AJ Bell Youinvest, as custodian. You will remain the beneficial owner of the shares. The Financial Conduct Authority client asset rules regulate how a custodian should hold and deal with your assets. Each of SIT Savings, HSDL and AJ Bell Youinvest must comply with these rules.

On 10 November 2017, all client money held on your behalf will be transferred from HSDL to AJ Bell Youinvest.

Cash deposits with AJ Bell Youinvest are protected up to a total of £85,000 and investments up to a total of £50,000 by the Financial Services Compensation Scheme, the UK's deposit protection scheme.

Will I continue receiving communications from SIT by post such as report and accounts and regular newsletters?

Yes, we will continue sending you this information as a Scottish Investment Trust shareholder. If you do not wish to continue receiving these, please contact us by emailing info@thescottish.co.uk.

Can I still invest in my SIT STOCKPLAN or ISA?

Yes. You can add to your existing saving scheme by cheque or debit card with cleared funds provided that these are received by HSDL by Wednesday 1 November 2017. AJ Bell Youinvest aims to have your new online account available for dealing from Monday 13 November 2017.

Who can I speak to if I have questions?

1. If you have any questions about this communication or the options available to you, please contact SIT Savings.

SIT Savings' contact details

E-mail: info@thescottish.co.uk

Telephone: 0131 225 7781

Opening hours: 9am to 5pm Monday to Friday

SIT Savings Ltd.

6 Albyn Place

Edinburgh

EH2 4NL

2. If you have queries relating to the accounts or services offered by AJ Bell Youinvest, or on completing its forms or accessing its website please contact AJ Bell Youinvest.

AJ Bell Youinvest's contact details

Telephone: 01892 559615

Opening hours: 8am to 7pm Monday to Friday

E-mail: productteam@youinvest.co.uk

AJ Bell Youinvest

4 Exchange Quay

Salford Quays

Manchester

M5 3EE

3. If you have any questions about your existing scheme holdings or transactions, please contact HSDL.

HSDL will retain details of the transactions made on your scheme before 10 November 2017, these will not be passed to AJ Bell. For details of transactions conducted after 10 November 2017 please contact AJ Bell Youinvest.

HSDL's contact details

Telephone: 0345 850 0181

Opening hours: 8am to 5pm Monday to Friday

SIT Schemes

Halifax Share Dealing Limited

Lovell Park road

Leeds

LS1 1NS

If you have any doubts about the action you should take we recommend that you speak to a financial adviser. There may be a cost for this advice.

How can I open an account with AJ Bell Youinvest?

If you transfer to AJ Bell Youinvest an account will automatically be set up for you and a username and password sent to you to enable you to access your new account online. Alternatively, to give you more time to familiarise yourself with it's website before your investments are transferred, you may wish to open an account with AJ Bell Youinvest before the transfer date. Your shares and un-invested cash balance will still be transferred over on Friday 10 November 2017.

Please follow the account opening instructions below

Please note that you cannot open a Dealing account online for a bare trust or a joint or designated account.

Visit **www.youinvest.co.uk/open-an-account**.

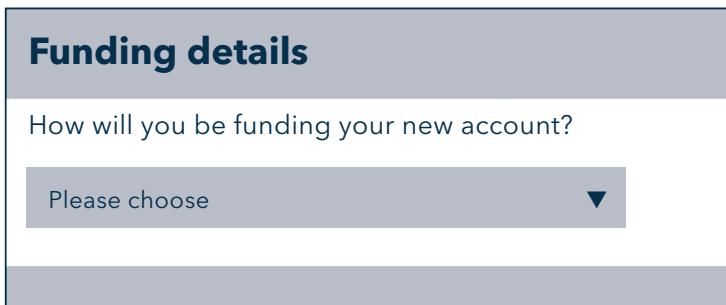
Select the account type - either ISA or Dealing account.

Read the risks, terms and conditions and charges and rates.

Complete personal details, online account details and bank details sections.

Confirm you are happy with the declaration page and click "Next".

When you get to the funding details page (see image below), exit the application without making a payment*.



The image shows a screenshot of a web form titled "Funding details". Below the title is the question "How will you be funding your new account?". Underneath this question is a grey dropdown menu with the text "Please choose" and a small downward-pointing triangle icon on the right side.

Your account will be opened and you will be sent a welcome email with your new account number.

* If you do not pass AJ Bell Youinvest's money laundering checks, you will not reach this page. They will write to you with details on what to do next.