



ALASDAIR MCKINNON

Global equities surged in November, with several regional markets recording their best monthly performance ever. The main factors in this were encouraging progress on Covid-19 vaccines and increasing political clarity in the US, which boosted optimism about an economic recovery.

Strong efficacy data from vaccine manufacturers galvanised hopes that an end to the Covid-19 pandemic could be in sight. Against that, various Western countries ramped up restrictions to slow the spread of the virus. On balance, investors were heartened by the increased prospect of a recovery, boosting the stocks that would benefit most from an economic rebound.

“encouraging progress on Covid-19”

Although it took some time for his victory to be confirmed, Joe Biden eventually emerged as the winner of the US presidential election. The outcome was fiercely protested by President Trump, who vowed to challenge the result, though his legal avenues to overturn Biden's victory diminished steadily. Markets welcomed the reduction in political risk and the renewed prospect of a fiscal support package. In the UK, the Bank of England voted to purchase another £150 billion in government bonds while, in the EU, a giant stimulus package hit a roadblock as Poland and Hungary vetoed the bloc's proposed budget. As the Brexit deadline loomed, a trade agreement between the UK and the EU remained elusive.

The price of gold dipped in November. However, it has enjoyed a strong year, and we believe that it is well placed for the investment landscape that we foresee. Unlike fiat currencies, gold will not be

devalued by the colossal fiscal and monetary stimulus programmes being put in place.

In equity markets, the clearer US political situation and growing confidence in the economic recovery encouraged investors to switch into stocks that could be categorised as cyclical and value. The energy sector was among the main beneficiaries as vaccine progress increased confidence in the outlook for oil use, despite OPEC+ struggling to reach an agreement on production levels for next year. The financial sector also benefited from the improved economic outlook and a steepening yield curve. Meanwhile, investments with a more defensive tilt were less favoured, with utilities the weakest sector.

Latin America led the stockmarket rise. Europe (ex UK) and the UK also delivered double-digit returns despite the lingering Brexit uncertainty. The weakest region was Asia Pacific (ex Japan), which was held back by an executive order from President Trump barring American funds from investing in Chinese companies with supposed links to the People's Liberation Army.

One of our strongest performers in November was Banco Santander, a recent addition to the portfolio. The bank was a beneficiary of the growing hopes for a swift economic recovery. Although it is based in Spain and has a presence on the UK high street, it has significant exposure to emerging markets. We see self-help initiatives to boost its profitability as well as opportunities to gain market share in key markets. These measures support the recovery in its core business as the world begins its journey to reopening the economy.

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Performance

Total return on £100 to 30 November 2020	6 months	1 year	3 years	5 years	10 years
Share price ⁽¹⁾	96.1	89.1	93.9	136.8	197.9
NAV per share ⁽²⁾	95.7	91.5	94.0	134.2	189.4
MSCI All Countries World Index	113.2	111.4	131.3	188.6	286.6
MSCI UK All Cap Index	105.4	88.1	95.4	119.0	170.9

Summary balance sheet

	30/11/2020	31/10/2020	Total return
Market capitalisation	£508m	£496m	
Total assets	£681m	£663m	
Borrowings at amortised cost	£84m	£84m	
Net assets ⁽³⁾	£597m	£579m	
NAV ⁽²⁾ per share	781.1p	755.5p	3.4%
NAV ⁽³⁾ per share	822.9p	793.6p	3.7%
Share price	700.0p	681.0p	2.8%

⁽¹⁾ Net income reinvested and before expenses are deducted.

⁽²⁾ With borrowings at market value ⁽³⁾ With borrowings at amortised cost

The figures refer to the past and past performance is not a reliable indicator of future results. 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. Exchange rate changes may cause the value of non-sterling investments to go down as well as up.

Company information

Company founded	1887
Manager	Alasdair McKinnon
Ongoing charges figure (OCF) *	0.58%
Dividend yield	3.3%
Number of listed holdings	62
Gearing/(net cash) ⁽²⁾	1%
Discount to NAV ⁽²⁾	10.4%

The Company's discount policy aims, in normal market conditions, to maintain the discount to NAV at or below 9%.

*Calculated as at 31/10/19.

Link to our [Annual and Interim Reports](#)

Contact **US**

...to get in touch and find out more

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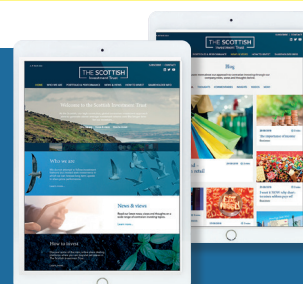
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The Scottish Investment Trust PLC



ABOUT THE SCOTTISH

Our Objective

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.

Our High Conviction, Global Contrarian Investment Approach

- We are contrarian investors.
- We believe markets are driven by cycles of emotion rather than dispassionate calculation. This creates profitable investment opportunities.
- We take a different view from the crowd.
- We seek undervalued, unfashionable companies that are ripe for improvement.
- We are prepared to be patient.
- We back our judgement and run a portfolio of our best ideas, selected on a global basis.
- Our portfolio is unlike any benchmark or index and we fully expect to have differentiated performance.
- Our approach will not always be in fashion but we believe it delivers above-average returns over the longer term, by which we mean at least five years.

[Link to more about our philosophy, approach and process](#)

Top 10 holdings (30 November 2020)

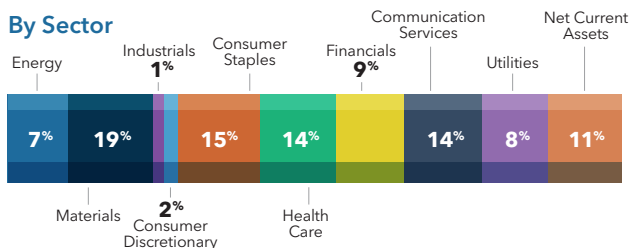
Holding	Sector	Country	£m	% ⁽⁴⁾
Newmont	Materials	US	41.8	6.1
Barrick Gold	Materials	Canada	36.4	5.4
Newcrest Mining	Materials	Australia	33.6	4.9
Pfizer	Health Care	US	23.3	3.4
Japan Tobacco	Consumer Staples	Japan	22.2	3.3
United Utilities	Utilities	UK	17.3	2.5
Kirin Holdings	Consumer Staples	Japan	16.4	2.4
BT	Communication Services	UK	16.3	2.4
Duke Energy	Utilities	US	15.6	2.3
Gilead Sciences	Health Care	US	15.4	2.3
Aggregate of top 10 holdings			238.3	35.0

[Link to a full list of holdings](#)

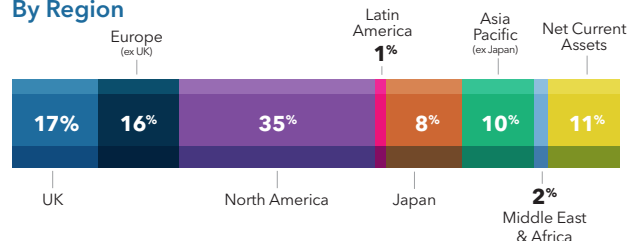
⁽⁴⁾ Percentage of total assets

Distribution of total assets (30 November 2020)

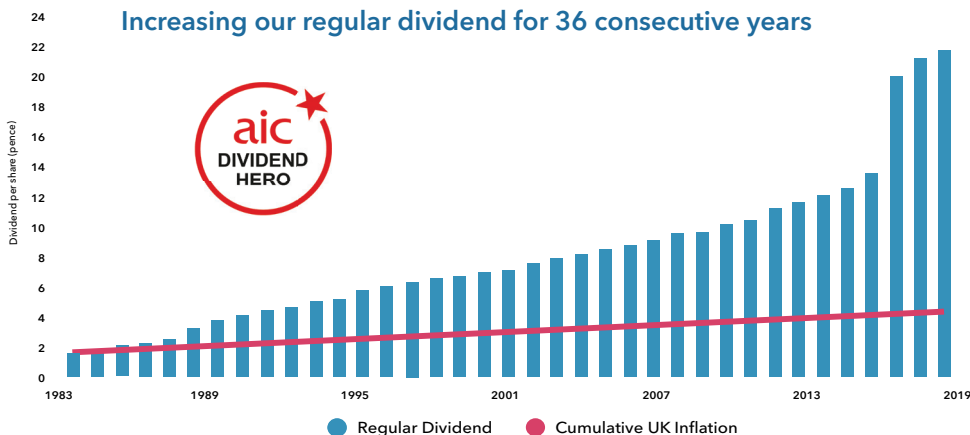
By Sector



By Region



Increasing our regular dividend for 36 consecutive years



QUARTERLY DIVIDEND PAYMENT

- FIRST INTERIM ■ May
- SECOND INTERIM ■ August
- THIRD INTERIM ■ November
- FINAL ■ February

IMPORTANT INFORMATION

Please remember past performance is not a reliable indicator of future results. 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 (the Company) is not authorised to give financial advice. This information should not be considered an offer, invitation, recommendation or solicitation to deal in investments. The Company has a long-term policy of borrowing money to invest in equities ('gearing') 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.

All sources the Scottish Investment Trust unless otherwise stated.

Issued and approved by SIT Savings Ltd, registered in Scotland No: SC91859. Registered office: 6 Albyn Place, Edinburgh, EH2 4NL.

Authorised and regulated by the Financial Conduct Authority.

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