

FUND IN FOCUS

Yield the key for Scotland trust

ROSEMARY GALLAGHER



Ross Watson

MARTIN CURRIE'S Securities Trust of Scotland - with a market cap of £143 million - is proving a

winner for investors, having recently reported excellent annual results.

The trust delivered a net asset value (NAV) total return for the 12 months to 31 March of 13.6%, compared with 11.1% from the FTSE All-Share Index.

Its aim is to deliver a high and growing income for shareholders in excess of the average yield available from the UK equity market. As at 31 March, the company's share offered a yield of 3.5% compared with 2.8% available from the Index.

In June 2005, the older investment trust was liquidated and this one was floated and has been managed by Ross Watson since. Watson said: "The trust has a fairly conservative portfolio, with a modest amount of gearing to add to the performance. Less of the portfolio is held in the largest companies. At the end of March, the top ten biggest companies in the UK market accounted for about 38%, whereas the trust had 33% in the portfolio. We've deliberately held a bit less of such companies as BP and Glaxo which have underperformed and that has helped us do better than the market."

The management approach is to invest in companies where the team can see sustainable dividend growth. Watson explained: "Over the long term this gives you good total return and lets you outperform the benchmarks."

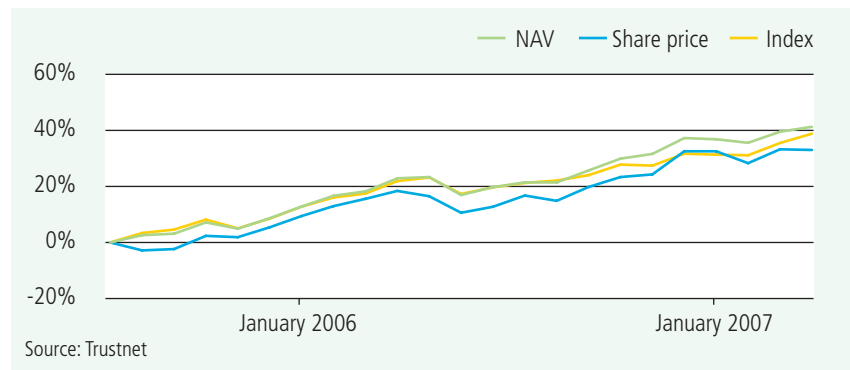
He has no radical changes planned as he takes a more evolutionary approach to management. Johnston Press -

owner of The Scotsman - has been added. Watson said: "Johnston has just finished a big cash injection in new presses and the advertising cycle is getting a bit better."

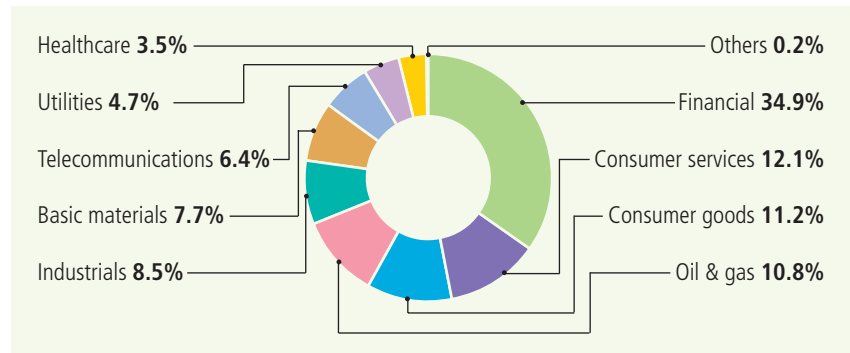
• Securities Trust of Scotland is an investment trust - visit www.securitiestrust.com or call 0808 100 21 25.

SECURITIES TRUST OF SCOTLAND

Performance



Sector weightings



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