

Securities Trust of Scotland plc

Growing long-term, delivering high income

Monthly update

30 June 2010

Profile

Objective	To achieve rising income and long-term capital growth by investment in the UK.
Benchmark	FTSE All-Share index
Sector	UK Growth & income
Launch	28 June 2005

Portfolio

Asset class	31 May	30 June
Equities	108.0%	110.2%
Fixed interest	3.7%	3.8%
Cash	2.2%	0.8%
Borrowing	(13.8%)	(14.7%)

Equity allocation

	31 May	30 June
Financials	23.1%	24.3%
Consumer Goods	12.3%	13.5%
Industrials	11.7%	12.8%
Oil & Gas	15.1%	12.7%
Consumer Services	9.6%	10.0%
Health Care	8.2%	9.1%
Utilities	5.7%	6.9%
Telecommunications	5.1%	5.5%
Basic Materials	7.6%	3.4%
Technology	1.6%	1.7%

Top 10 equity holdings (47.3% of total portfolio)

Royal Dutch Shell	7.3%
British American Tobacco	6.5%
Vodafone	5.5%
BP	5.4%
GlaxoSmithKline	5.1%
HSBC	4.2%
AstraZeneca	4.0%
Next	3.3%
National Grid	3.0%
Imperial Tobacco	3.0%

Number of holdings 45

Key facts

Net assets	£96.8m
Share price (p)	87.8
Net asset value per share (p)*	96.1
Discount (premium)	8.7%
Net yield †	5.3%

*Following a recent review by the AIC, the NAV stated in our reporting is inclusive of current year revenue.

†The final dividend of 1.20p was paid on 30 June 2010 to shareholders on the register on 4 June 2010.

Performance

Discrete performance over 12 months to 30 June

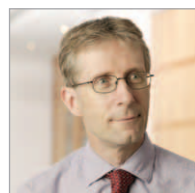
	2010	2009	2008	2007	2006
Share Price	16.9%	(16.0%)	(22.5%)	17.5%	15.4%
NAV	25.8%	(27.2%)	(20.4%)	20.2%	20.0%
Benchmark	21.1%	(20.5%)	(13.0%)	18.4%	19.7%

Cumulative performance over periods to 30 June 2010

	One month	Three months	Six months	One year	Three years	Five years	Since Launch**
Share Price	(4.7%)	(10.2%)	(3.3%)	16.9%	(23.9%)	3.1%	8.2%
NAV	(3.0%)	(10.8%)	(5.1%)	25.8%	(27.1%)	5.2%	5.6%
Benchmark	(4.6%)	(11.8%)	(6.1%)	21.1%	(16.2%)	18.7%	19.3%

Source: Martin Currie and Morningstar. Bid to bid basis with net income reinvested over the periods shown in sterling terms. These figures do not include the costs of buying and selling shares in an investment trust. If these were included, performance figures would be reduced. **Launched on 28 June 2005. Past performance is not a guide to future returns.

Manager's commentary



Ongoing worries about economic growth led to another poor month for stockmarkets around the world – and the UK market was no exception. Although current economic activity is continuing as expected, investors are concerned about the weakening of a number of indicators of future economic growth, such as industrial surveys and consumer confidence indices. The effect of reduced public expenditure across Europe – including the UK, of course – is also giving pause for thought.

The FTSE All-Share index fell by 4.6% in June, although companies within the Mid-250 index did a little better. The weakest sector was oil & gas, as the disaster in the Gulf of Mexico led to a steep fall in BP's share price. More cyclical sectors, such as mining, leisure, automobiles and construction, also lagged the market, while defensive areas like utilities, tobacco and telecoms outperformed. Gilt yields continued to fall, helped by the strengthening of tax receipts.

Ross Watson



The risks outlined at the end of this document relating to gearing, emerging markets and exchange rate movements are particularly relevant to this trust but should be read in conjunction with all warnings and comments given.

All sources (unless indicated): Martin Currie as at 30 June 2010.



Capital structure

Ordinary shares 100,776,771*

*Source: Martin Currie as at 30 June 2010.

Board of directors

Neil Donaldson (chairman) Andrew Irvine
Charles Berry Edward Murray
Anita Frew

Manager's biography

Ross joined Martin Currie in 2005 and manages the Martin Currie UK Equity Income Fund, the Securities Trust of Scotland and the accounts of a number of our charity clients. He came to us from Aberdeen Asset Managers, where he worked for five years. During his time there, he managed the Murray Income Trust, Jersey Phoenix Trust, Murray Extra Return Investment Trust and The Income & Growth Trust. Before that, Ross worked for Gartmore, where he spent 12 years managing its high-income UK equity portfolios. He has also worked for Dunedin Fund Managers as a UK fund manager. Ross started his investment career in 1983 as a trainee analyst with First Scottish Investment Trust.

Key information

Year end	31 March
Annual general meeting	July
Interim dividends paid	March, June, September, December
Annual management fee as at 31 March 2010†	0.3%
Total expense ratio 31 March 2010*	0.8%
Epic code	STS
Reuters code	STS.L

†Percentage of net assets.

*Percentage of shareholders' funds. Includes annual management fee.

Net asset value and dividend history				
As at 31 March	Share price	NAV per share	Discount/ (premium)	Dividend per share
2006	125.5p	135.6p	7.4%	2.85p
2007	141.3p	148.4p	4.8%	5.05p
2008	116.0p	121.5p	3.8%	5.45p
2009	66.3p	75.4p	12.2%	5.45p
2010	99.0p	109.4p	9.5%	4.65p

Past performance is not a guide to future returns.

*Following a recent review by the AIC, the NAV stated in our reporting is inclusive of current year revenue.

Risk factors

Please note that, as the shares in investment trusts are traded on a stockmarket, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares.

Depending on market conditions and market sentiment, the spread between the purchase and sale price can be wide. As with all stock exchange investments the value of investment trust shares purchases will immediately fall by the difference between the buying and selling prices, the bid-offer spread.

Investment trusts may also borrow money in order to make further investments. This is known as "gearing" and can enhance shareholder returns in rising markets but, conversely, can reduce them in falling markets.

The value of investments and the income from them may go down as well as up and is not guaranteed. An investor may not get back the amount originally invested.

The majority of charges will be deducted from the capital of the trust. This will constrain the capital growth of the trust in order to maintain the income streams.

Exposure to a single country market increases potential volatility.

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Authorised and regulated by the Financial Services Authority and a member of the Investment Management Association.

Please note that calls to the above number may be recorded.

Website

The trust has its own website at www.securitiestrust.com. There you will find further details about the trust, information on Martin Currie, daily share prices (and associated risks), and you can access regular webcasts by the manager.

www.securitiestrust.com