

Securities Trust of Scotland plc

Growing long-term, delivering high income

Monthly update

28 February 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 Jan	28 Feb
Equities	108.3%	107.3%
Fixed Interest	3.7%	3.6%
Cash	0.8%	1.2%
Borrowings	(12.7%)	(12.3%)

Equity allocation

	31 Jan	28 Feb
Financials	24.1%	23.9%
Oil & Gas	16.1%	15.8%
Consumer Goods	12.3%	12.6%
Industrials	11.2%	11.1%
Consumer Services	8.3%	8.4%
Health Care	8.4%	8.2%
Basic Materials	6.8%	7.4%
Utilities	6.2%	6.1%
Telecommunications	4.9%	5.1%
Technology	1.6%	1.6%
Cash	—	—

Top 10 equity holdings (50.1% of total portfolio)

BP	8.9%
Royal Dutch Shell	6.9%
British American Tobacco	6.2%
Vodafone	5.1%
GlaxoSmithKline	4.9%
BHP Billiton	4.5%
HSBC	4.4%
AstraZeneca	3.3%
Imperial Tobacco	3.0%
Barclays	2.9%

Number of holdings 45

Key facts

Net assets	£102.9m
Share price (p)	93.8
Net asset value per share (p)*	103.1
Discount (premium)	9.0%
Net yield †	5.8%

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

†The first interim dividend of 1.15p per share for the year to 31 March 2010 was paid on 4 September 2009 to shareholders on the register as at 14 August 2009. The second interim dividend of 1.15p was paid on 18 December 2009 to shareholders on the register as at 27 November 2009.

Performance

Discrete performance over 12 months to 28 February

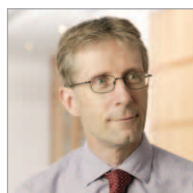
	2010	2009	2008	2007	2006
Share Price	40.8%	(38.5%)	(7.0%)	15.5%	—
NAV	46.4%	(39.9%)	(8.4%)	14.7%	—
Benchmark	47.3%	(33.0%)	(2.7%)	11.6%	—

Cumulative performance over periods to 28 February 2010

	One month	Three months	Six months	One year	Three years	Five years	Since Launch**
Share Price	1.9%	4.2%	5.5%	40.8%	(19.5%)	—	12.8%
NAV	2.3%	4.6%	8.8%	46.4%	(19.4%)	—	10.0%
Benchmark	3.4%	4.0%	10.1%	47.3%	(3.9%)	—	26.7%

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



February saw an end to the relative outperformance of the smaller and mid-sized companies within the All-Share index. But this was not enough to turn around the mid-cap index's outperformance over the past three months; mid-caps are now in positive territory for the year to date.

Although February's low point came after the Bank of England's announcement that its asset-purchase scheme for gilts was not to be extended, the market also experienced a wobble later in the month, when mortgage approvals for January came in below expectations. Generally, economic data for the month was mixed, with minor disappointments from housing-related markets, in both lending and prices. Overseas, the US Federal Reserve tightened the discount rate for overnight funding, and the People's Bank of China raised the reserve-requirement ratio; both added to the 'noise' attracting investors' attention. Fears that aggressive monetary tightening would affect Chinese demand were tempered by lower-than-expected CPI numbers, marking the end of the low point so far this year in UK equities.

While the miners, especially those that are linked to the production of iron and steel, performed strongly, so did banks with exposure to investment-banking revenues, which appear to have held up well since the third quarter of last year. Chemicals companies did well on good results, and tobacco and aerospace stocks were also strong. The performance of the fixed-line telecoms sector was much less impressive, on concerns about pension deficits. The general retail, financial services and electricity sectors were also poor. The stocks that helped our performance reflected these trends, with Barclays and Croda the standouts, and Admiral Insurance, Halfords and McBride outperforming their sectors. Our laggards largely reflected the poorer sectors, with Man Group, Next, SSE, F&C and Intermediate Capital all featuring among the main detractors.

Ross Watson

The risks outlined at the end of this document relating to gearing and single country markets 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 28 February 2010.

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Capital structure

Ordinary shares 101,940,223*

*Source: Martin Currie as at 28 February 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 2009†	0.3%
Total expense ratio 31 March 2009*	0.7%
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

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.

Important notice: This information is issued and approved by Martin Currie Investment Management Ltd in its capacity as investment manager. It does not in any way constitute investment advice or an invitation or inducement to invest. This document is for the recipient only and should not be given or sent to other parties.

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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.

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Welcome to our website

The objective of the Trust is to achieve rising income and long-term capital growth through investment in a balanced portfolio of UK companies. A key requirement of the fund is high and steadily growing dividends. The chart below shows the dividend payments made to date.

This website offers shareholders, prospective investors and their advisers a wealth of information about the Trust. Updated daily, it includes the latest prices, performance data, portfolio information and the manager's latest views.

PRICE WATCH
Closing price at 05 March 2010
97.50p

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Executive summary - 31 December 2009 (618k) (pdf document)
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Half-yearly financial report 2009 (1558k) (pdf document)

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www.securitiestrust.com