



Securities Trust of Scotland plc

The global equity income trust

Monthly update

31 January 2012

Profile

Objective	To achieve rising income and long-term capital growth by investment in global equities.
Benchmark	MSCI World High Dividend Yield index
Sector	Global growth & income
Launch	28 June 2005

Portfolio

Asset class	31 Dec	31 Jan
Equities	106.6%	105.7%
Fixed interest	0.3%	0.3%
Cash	2.3%	3.4%
Gearing	(9.3%)	(9.4%)

*Equity allocation	31 Dec	31 Jan
Healthcare	19.0%	18.8%
Financials	15.1%	15.4%
Consumer services	14.5%	13.4%
Telecommunications	12.2%	11.5%
Consumer goods	11.5%	11.1%
Oil & gas	9.4%	10.8%
Industrials	8.1%	8.6%
Utilities	6.2%	6.1%
Basic materials	2.1%	2.3%
Technology	1.8%	1.9%

Regional allocation	31 Dec	31 Jan
Europe	45.7%	43.6%
North America	43.6%	43.6%
Asia Pacific ex Japan	5.6%	7.5%
Japan	3.4%	3.4%
Emerging markets	1.8%	1.9%

Top 10 equity holdings (35.1% of total portfolio)

Royal Dutch Shell	4.4%
Pfizer	4.2%
AT&T	3.9%
Vodafone	3.5%
Chevron	3.5%
GlaxoSmithKline	3.2%
Philip Morris International	3.2%
Novartis	3.1%
McDonald's	3.1%
Abbott Laboratories	3.0%
Number of holdings	47
Number of countries	12

Key facts

Net assets	£116.7m
Share price (p)	116.0
Net asset value per share (p)	116.4
Discount (premium)	(0.4%)
Net yield	4.0%

The NAV stated in our reporting is inclusive of current year revenue.

Performance

Discrete performance over 12 months to 31 January

	2012	2011	2010	2009	2008
Share price	12.1%	23.2%	30.9%	(36.5%)	(8.0%)
NAV	3.7%	22.0%	34.2%	(35.5%)	(9.8%)
Benchmark	3.0%	18.1%	33.2%	(27.8%)	(3.6%)

Cumulative performance over periods to 31 January 2012

	One month	Three months	Six months	One year	Three years	Five years
Share price	2.0%	3.1%	6.0%	12.1%	80.6%	5.5%
NAV	(1.6%)	3.1%	0.3%	3.7%	69.8%	(1.3%)
Benchmark	(1.0%)	2.9%	1.8%	3.0%	62.2%	13.0%

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.

Prior to 1 August 2011, the Trust's benchmark was the FTSE All-Share index and the MSCI World High Dividend Yield index thereafter.

Past performance is not a guide to future returns.

Manager's commentary



The benchmark fell 1.0% over the month. Regionally, North America and Japan underperformed, while Asia and emerging markets outperformed. By sector, telecoms, utilities and staples were weak, with materials and financials strong. Global economic news, meanwhile, remains mixed – bank bonds rallied after the ECB injected €489 billion into the eurozone's banking system, and the US Federal Reserve announced it would hold interest rates at near-zero levels well into 2014. Corporate newsflow from the

fourth-quarter results season is also likely to affect market sentiment.

The fund underperformed, with its NAV falling 1.6%. Detractors from performance included retailer Tesco and oil & gas company Royal Dutch Shell. Top contributors included Prudential and United Overseas Bank, from the robust financials sector. Chemical giant DuPont also benefited from the surge in cyclical stocks. Transactions included new holdings in mobile-satellite-services company Inmarsat and oil-and-mining-services firm WorleyParsons. We believe that Inmarsat's price does not reflect the opportunity provided by mobile satellite services, while WorleyParsons has a promising outlook driven by increasing capital expenditure by its oil-company clients. We sold our positions in French bank BNP Paribas and France Telecom, because of growth concerns.

Our outlook remains unchanged from last month; despite the macroeconomic drama, there has been little change in fundamentals. Concerns clearly remain regarding companies' potential for future growth, but most of them have strong balance sheets and cashflows. In terms of portfolio positioning, we are still underweight in cyclical stocks and overweight in medium-growth stocks. Our focus remains on quality – strong businesses with strong balance sheets.

Alan Porter

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 31 January 2012.

*Please note: we have changed our methodology for calculating the sector categories and the December 2011 figures differ slightly from the December monthly update.



Capital structure

Ordinary shares 100,259,771*

*Source: Martin Currie as at 31 January 2012.

Board of directors

Neil Donaldson (chairman) Andrew Irvine
Charles Berry Edward Murray
Rachel Beagles

Manager's biography

Alan joined Martin Currie in 2008. He manages our Global Equity Income Fund and Securities Trust of Scotland. Before coming to us, Alan worked as a research analyst at BlueSilver Alternative Ltd and, earlier, at Insight Investment, where he was responsible for analysing European equities. Having started his investment career as a trainee fund manager with Scottish Amicable Investment Managers, Alan went on to manage European funds for Hill Samuel Asset Management Ltd and Old Mutual Asset Managers Ltd. He has also worked in research marketing for Schroder Salomon Smith Barney.

Key information

Year end 31 March
Annual general meeting July
Interim dividends paid March, June, September, December
Annual management fee as at 31 March 2011† 0.3%
Total expense ratio 31 March 2011* 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
2010	99.0p	109.4p	9.5%	4.65p
2011	108.0p	117.4p	8.0%	4.65p

Past performance is not a guide to future returns.

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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Securities Trust of Scotland plc

The objective of Securities Trust of Scotland is to provide a rising income and long-term capital growth through investment in global equities.

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

Latest price

Date	08 February 2012
Share price	119.65p
Change on day	0.11%
NAV per share	118.96p
Disc/(Prem)	(0.6)%
Total Net assets	£119.3m

NAV per share is calculated cum-income.

View price history >

Latest documents

- Interim management statement - 31 Jan 2012 pdf 0.6MB
- Monthly update - 31 Dec 2011 pdf 0.7MB
- Executive summary - 31 Dec 2011 pdf 1.1MB
- Interim report 2011 pdf 1.5MB
- Annual report 2011 pdf 1.6MB

News & views

- Alliance Trust Taking Stock - Looking for income 19 December 2011 Read our latest article in the Taking Stock Magazine - November 2011
- Edison Investment Research report on Securities Trust 13 December 2011 Latest Edison Investment Research report on Securities Trust of Scotland.
- Alan Porter's diary for a week 21 November 2011 Fund manager's diary appearing in Fund Strategy.

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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.

Changes in the rates of exchange may cause the value of investments to go up or down.

The trust invests in emerging markets which tend to be more volatile than mature markets and the value of your investment could move sharply up or down. In some circumstances the underlying investments may become illiquid which may constrain the investment manager's ability to realise some or all of the portfolio. The registration and settlement arrangements in emerging markets may be less developed than in more mature markets so the operational risks of investing are higher. Political risks and adverse economic circumstances are more likely to arise putting the value of your investment at risk.

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