



INFORMATION FOR INVESTORS

This document is issued by Martin Currie Fund Management Limited (the 'Manager' or the 'AIFM') solely in order to make certain particular information available to investors in Securities Trust of Scotland plc (the 'Company') before they invest, in accordance with the requirements of the Financial Conduct Authority ('FCA') Rules implementing the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (the 'AIFM Directive' or 'AIFMD') in the United Kingdom ('UK'). It is made available to investors ('investors' or 'shareholders') in the Company by being made available at www.securitiestrust.com.

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

IMPORTANT INFORMATION

Regulatory Status of the Company

Securities Trust of Scotland plc ("the Company") is an alternative investment fund ("AIF") for the purposes of the AIFM Directive and is incorporated as public limited company in Scotland.

The Company's shares are listed on the premium segment of the Official List of the UK Listing Authority ("UKLA") and are admitted to trading on the main market of the London Stock Exchange. The Company is subject to the provisions of its Articles of Association, the UKLA Listing, Prospectus and Disclosure Rules, the UK Corporate Governance Code and the Companies Act 2006.

The Company's Articles of Association are binding on the Company and its shareholders, and set out the respective rights and restrictions attaching to the Company's shares. The rights and restrictions apply to all shares equally. All shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company's Articles of Association. The Company's Articles of Association are governed by Scots law.

Limited purpose of this document

This document is not being issued for any purpose other than to make certain required regulatory disclosures to investors and, to the fullest extent permitted under applicable law and regulations, the Company and the Manager will not be responsible to persons other than the Company's shareholders for their use of this document, nor will they be responsible to any person (including the Company's shareholders) for any use which they may make of this document other than to inform a decision to invest in or dispose of shares in the Company.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.

This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment trust activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an information decision in relation to an investment in or disposal of the Company's shares.

No advice

The Company and the Manager are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, or any of its affiliates, officers, directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or other matters. Prospective investors may rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or other related matters concerning the Company and an investment in shares.

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

Overseas investors

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares.

THE COMPANY

Investment Objective and Policy

The Company's objective is to achieve rising income and long-term capital growth through investment in a balanced portfolio constructed from global equities.

The Company's policy is to invest primarily in global equities.

Investment Restrictions & Guidelines

The majority of the Company's portfolio is invested in large capitalisation companies (defined as companies with market capitalisations over £1 billion). The resulting diversified portfolio of international quoted companies is focused, typically containing between 35 and 55 high conviction stocks selected on the basis of detailed research analysis.

The equity portfolio consists of listed shares and is diversified across a range of holdings.

The Manager has unconstrained discretion to select stocks except that:

- no more than 10% of the company's gross assets may be invested in listed investment companies (including UK-listed investment trusts);
- the Board must approve in advance all investments in Martin Currie sponsored investment schemes;
- the sum of all holdings over 5% of the total portfolio must not exceed 40% of the portfolio;
- no more than 15% of the total portfolio can be invested in collective investment schemes, of which no holding can exceed 10% of the value of the collective investment scheme; and
- warrants cannot exceed 5% of the total portfolio.

The Company's exposure to listed equities is set within a range of 90% to 120% of shareholders funds' in normal circumstances.

The Company's active portfolio management strategy will inevitably involve separate periods where, at different times, the Company's portfolio outperforms and underperforms the market as a whole. The Company's investment performance (on a total return basis) is measured against the median of the peer group on a rolling three-year basis. The Company's peer group is made up of all relevant open and closed-ended peers (sourced from the Morningstar Global Equity Income Sector and Association of Investment Companies ('AIC') Global Equity Income Sector).

As an investment trust, the Company is able to finance its operations through bank borrowings (gearing). The Board monitors such borrowings (gearing) closely and takes a prudent approach. Gearing levels are discussed by the Board and Manager regularly and monitored at every Board meeting. Gearing is limited to 20%.

As a closed-ended investment fund whose shares are admitted to the Official List under Chapter 15 of the UKLA Listing Rules, the Company is required to obtain the prior

approval of its shareholders to any material change to its published investment policy. Accordingly, the Company will not make any material change to its published investment policy without the approval of its shareholders by ordinary resolution. The Company will announce any such change through a Regulatory Information Service.

Any change in investment strategy or investment policy which does not amount to a material change to its published investment policy may be made by the Company without shareholder approval.

The main assets the Company invests in are Global Equities (including single stock equity options). However, it is also permitted to hold a range of other asset types including investment companies (including UK-listed investment trusts), REITs, collective investment schemes, warrants, convertible bonds, access products, ETFs, futures, options, forward currency contracts, global bonds, and money market instruments.

Leverage

As explained above, the Company may employ borrowings and derivatives as leverage.

The Company's gearing policy is to operate within a range of 90% to 120% of shareholders funds' in normal circumstances.

In pursuing this policy, the Company has in place the following credit facilities:

- A two-year revolving credit facility of £10,000,000; and
- A multi-currency seven year fixed facility in three tranches of £1,500,000, €4,500,000 and US\$ 12,750,000.

The Company has adequate financial resources in the form of readily realisable listed securities and as a result the directors assess that the Company is able to continue in operational existence without the facilities.

The maximum leverage which the Manager is entitled to employ on behalf of the Company is 300% under the gross method and 200% under the commitment method. Any changes to these limits will be agreed in advance between the Manager and the Company. This indicates the highest level that exposure could reach using these calculations if all available instruments introducing leverage were used to the maximum permitted level at the same time.

The amount of leverage employed by the Company will be disclosed in the Company's Annual Report and Financial Statements.

Dividend Policy

The Company's dividend policy is to provide shareholders with regular income paid quarterly in January, April, July and October.

The Company's Articles of Association permits dividends to be paid out of capital reserves.

ADMINISTRATION AND MANAGEMENT OF THE COMPANY

The AIFM and Company Secretary

The AIFM is Martin Currie Fund Management Limited, whose registered office is at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2ES. The Company Secretary is Martin Currie Investment Management Limited, whose registered office is at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2ES. The Manager has been authorised by the FCA to act as an alternative investment fund manager.

AIFM Fees

The Company's AIFM and Company Secretary fee, which is calculated quarterly, is calculated at an annual rate of 0.60% of the Company's net asset value up to £200 million and an annual rate of 0.40% of the Company's net asset value above £200 million.

The Depository

State Street Trustees Limited, whose registered office is at 20 Churchill Place, London, Canary Wharf, E14 5HJ, has been appointed as the Company's Depository. The Depository is responsible for the safekeeping of the Company's assets, monitoring the cash flows of the Company and must ensure that certain processes carried out by the AIFM are performed in accordance with the applicable rules and constitutive documents of the Company. The Depository may from time to time delegate safe keeping/custody of the Company's assets to local custody providers.

The annual fee payable to the Depository is 0.025% of net assets.

The Auditor

Ernst & Young LLP, who registered office is at 1 More London Place, London, SE1 2AF, provides audit services to the Company. The fees payable to the Auditor shall be determined by the Board.

The Registrar

Link Asset Services, whose registered office is 12 Castle Street, St Helier, Jersey, JE2 3RT, has been appointed as the Company's Registrar. The Registrar's duties include the maintenance of the Company's register of shareholders and the processing of any transfer of shares. The fees payable to the Registrar shall be determined by the Board.

Delegations of functions by the AIFM

The AIFM has been permitted by the Company to delegate the following function in carrying out its role:

- Portfolio Management
Portfolio management functions have been delegated to Martin Currie Investment Management Limited, whose registered office is at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2ES ("the Portfolio Manager"), which is authorised and regulated in the UK by the FCA.
- Fund Accounting
Fund accounting, including the calculation of net assets have been delegated to State Street Bank & Trust Company, whose registered office is at 20 Churchill Place, London, E14 5HJ, which is authorised and regulated in the UK by the FCA.

SHAREHOLDER INFORMATION

Annual Report and Financial Statements

Copies of the Company's latest annual and interim reports may be accessed at www.securitiestrust.com.

Publication of net asset values

The latest net asset value of the Company may be accessed via www.securitiestrust.com. The Company also publishes its net asset values on a daily basis via a Regulatory Information Service.

Valuation Policy

Investments are valued at their fair value.

The majority of the Company's investments are quoted on one or more exchanges and are valued using prices sourced from third party vendors of market data.

For investments which are not traded in active markets, unlisted or restricted investments, the Manager takes into account the latest traded prices, other observable market data and asset values based on the latest management accounts.

Historical performance of the Company

Details of the Company's historical financial performance are provided in the Company's annual reports and accounts and monthly factsheets, which are available at www.securitiestrust.com.

Investors should note that past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested.

Purchases and sales of shares by investors

The Company's shares are admitted to the Official List of the UKLA and to trading on the main market of the London Stock Exchange. Accordingly, the Company's shares may be purchased and sold on the main market of the London Stock Exchange.

New shares may be issued only at a premium to net asset value, at the Board's discretion and providing relevant shareholder issuance authorities are in place. Shareholders do not generally have the right to redeem their shares. While the Company will typically have shareholder authority to buy back shares, shareholders do not have the right to have their shares purchased by the Company.

In accordance with the Company's Articles of Association, and subject to the provisions of statute, ordinary shareholders shall have the right to redeem their shareholding at a price calculated in accordance with the Company's Articles of Association ('redemption price'), if the average ex income discount is greater than 7.5 per cent in the last 12 weeks of the Company's financial year. The redemption price is the net asset value per share less all costs associated with the redemption divided by the number of shares in total being redeemed.

Fair Treatment of Investors

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The UKLA Listing Rules require that the Company treats all shareholders of the same class of shares equally.

In particular, as directors of a company incorporated in the United Kingdom, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors.

The Company's ordinary shares rank equally.

RISK MANAGEMENT

Risk factors

The following statement cannot disclose all the risks and other significant aspects of designated investments or the investment strategy. The risks associated with different types of investment can vary significantly. The Manager does not actively manage each risk described below, but rather focuses the risk management of the Company's strategy on those risks it deems most relevant at any given time. In addition, over time, the risks may evolve or change, with new risks appearing and some risks ceasing to be applicable. Therefore, you should be aware of the nature of an

investment in the Company and the extent of your exposure to risk. ***You should also be satisfied that an investment in the Company is suitable for you in light of your circumstances and financial position, and be prepared to accept the risk of losing all or part of your investment.***

General

An investment in the Company is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to bear any loss which might result from such an investment. The shares are designed to be held over the long-term and may not be suitable as short-term investments. There can be no guarantee that any appreciation of the Company's investments will occur and therefore investors may not get back the full value of their investment. There can be no guarantee that the investment objective of the Company will be met.

The past performance of the Company is not a guide to the future performance of the Company.

Economic Conditions

Changes in economic conditions (for example, interest rates, rates of inflation, industry conditions, competition and political and other factors) could substantially and adversely affect the Company's prospects and the value of its investments. These are changes which are outside the Company's control and which may affect the volatility of underlying asset values and the liquidity and value of the Company's portfolio.

The Shares

The market value of, and the income derived from, the shares can fluctuate and, notwithstanding any measures that may be taken by the Company to control the Company's discount or premium. The market value of shares may not always reflect the Net Asset Value per share. There can be no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. No assurance can be given that any sale of the Company's investments would realise proceeds which would be sufficient to repay any borrowings or provide funds for any capital repayment to shareholders. Shareholders will bear the rewards and risks of the success or otherwise of the Company's investments.

The market value of the shares, as well as being affected by their Net Asset Value, also takes into account their dividend yield and prevailing interest rates, supply and demand for the shares, market conditions and general investor sentiment. As such, the market value of a share may vary considerably from its underlying Net Asset Value.

Although the shares will be listed on the premium segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities, it is possible that, notwithstanding any measures that may be taken by the Company to control any discount or premium, there may not be a liquid market in the shares and shareholders may have difficulty in selling them.

Borrowing

From time to time the Company finances its investment operations through bank borrowings. Due to the gearing effect of any borrowing undertaken by the Company, shareholders will, to an exaggerated extent, suffer from any underperformance of the Company's assets, compared to the cost of any borrowing (both in Net Asset Value and market price depreciation) and conversely will benefit from any outperformance relative to any borrowing cost. Whilst the use of borrowings should enhance the total return on the shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value per share. There is no guarantee that any borrowings of the Company would be refinanced on their maturity either at all or on terms that are acceptable to the Company.

Dividends

The Company's dividend policy aims to pay dividends to shareholders on a quarterly basis, but there is no guarantee that dividends will be paid in respect of any financial period. The ability to pay dividends is dependent on a number of factors (including available profits) and there can be no assurance that these will all be met.

Investment objective and strategy

There is no guarantee that the Company's investment objective will be achieved. The Company manages the risk of investment underperformance by relying on the Manager's stock selection skills within a framework of diversification and other investment restrictions and guidelines.

Corporate bonds

Corporate bonds are subject to credit, liquidity, duration and interest rate risks. Adverse changes in the financial position of an issuer of corporate bonds or in general economic conditions may impair the ability of the issuer to make payments of principal and interest or may cause the liquidation or insolvency of an issuer. There can be no assurance as to the levels of default and/or recoveries that may be experienced with respect to corporate bonds.

Market price risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. As such, the Company is exposed to market risk due to fluctuations in the prevailing market rates and this may increase the volatility of the Net Asset Value per share. It is the Company's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The allocation of assets and the stock selection process are both intended to reduce market risk.

Interest rate risk

The Company is exposed to interest rate risk due to fluctuations in the prevailing market rates. Interest rate movements may impact the fair value of the Company's investments in fixed interest rate securities, the level of income receivable on cash deposits and the level of interest payable on borrowings. The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

Foreign currency risks

A significant proportion of the Company's investment portfolio is invested in overseas securities and the balance sheet can be significantly affected by movements in foreign exchange rates. It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investment with foreign currency borrowings. Where the Company does not hedge its currency exposure, the movement of exchange rates may have a favourable or unfavourable effect on the gains and losses experienced on investments which are made or realised in currencies other than pounds sterling.

Discount and premium management

The Company may from time to time seek to manage any discount or premium. While the Company may decide to issue shares and to resell shares held in treasury at a small premium to the Net Asset Value per share where demand exceeds supply, this will be dependent upon the Company being able to issue shares and to resell shares held in treasury at a premium, on market conditions generally at the relevant time, upon shareholders in general meeting conferring appropriate authorities on the Board to issue further shares and, where required under the Prospectus Rules, upon a prospectus having been approved by the UK Financial Conduct Authority and published. The Board will seek renewal of this authority from shareholders annually and at other times should this prove necessary. However, there can be no guarantee that requisite shareholder approvals will be obtained.

The ability of the Company to seek to manage any discount, should it decide to do so, will depend on the Company being able to buy back shares, which will be dependent upon shareholders in general meeting conferring authority on the Board to buy back shares. The Board will seek renewal of this authority from shareholders annually and at other times should this prove necessary. However, there can be no guarantee that requisite shareholder approvals will be obtained. Seeking to manage any discount could lead to a significant reduction in the size of the Company over time, which would increase the Company's Ongoing Charges Ratio and prejudice the ability of the Company to maintain its target dividend yield. In accordance with the Listing Rules and applicable corporate governance guidance, the extent of each buy-back authority which will be sought by the Company from shareholders in general

meeting will be limited to 14.99 per cent. of the Company's issued share capital as at the date on which the authority would be granted. In order to continue buying back shares once any such authority has been exhausted, the Company would require to seek a renewed buy-back authority from shareholders in general meeting.

The ability of the Company to buy back shares will be subject to the UK Companies Act 2006 and all other applicable legislation, rules and regulations of any government, regulatory body or market applicable to the Board or the Company and, in particular, will be dependent on the availability of distributable reserves.

Market liquidity

The Company is required to satisfy the liquidity test criteria specified by the FTSE at each annual review to maintain its place in the FTSE All-Share Index. The liquidity of the Company is monitored by the Board, the Manager and the Company's broker with a report being reviewed at every Board meeting. Inclusion in the FTSE All-Share Index supports a company's liquidity and capital raising, as well as being an important comparator of performance. Failure to meet the criteria for inclusion could lead to reduced liquidity of the shares.

Counterparty and operational risk

The Company has outsourced its operational infrastructure to third party organisations. The Company therefore relies on the performance of third party service providers to perform its functions and, in particular, on the Manager and Depositary who perform services which are integral to the Company's operations and financial performance. Contracts and service level agreements have been defined to ensure that the service provided by each third party organisation is of a sufficiently professional and technically high standard. Periodically the Board requests that representatives from other third party service providers (such as the Auditors and Depositary) attend Board meetings to give the Board the opportunity to ensure service standards continue to meet the Company's requirements. That said, failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment, to exercise due care and skill, or to perform its obligations to the Company at all as a result of insolvency, bankruptcy or other causes could have a material adverse effect on the Company's performance and returns to shareholders. The termination of the Company's relationship with any third party service provider or any delay in appointing a replacement for such service provider, could disrupt the business of the Company materially and could have a material adverse effect on the Company's performance and returns to shareholders.

Cessation of investment trust status

The Company attempts to conduct its business so as to satisfy the conditions for approval as an investment trust under s1158 - 1159 of the Corporation Tax Act 2010. S1158 - 1159 qualification criteria are continually monitored. Breach of the tests that a company must meet to gain approval as an investment trust company could lead to the Company being subject to tax on capital gains.

Tax and accounting

Any change in the Company's tax status or in taxation legislation or accounting practice could affect the value of the investments held by the Company, affect the Company's ability to provide returns to shareholders or alter the post-tax returns to shareholders. Representations in this document concerning the taxation of investors are based upon current tax law and practice which are, in principle, subject to change. Any change in accounting standards may adversely affect the total value of the Company's net assets in its books of account or restrict the ability of the Company to pay dividends.

Regulation

The Company is subject to a range of legal, regulatory and other requirements and standards. Failure to comply with these requirements and standards could adversely affect the returns available to shareholders and/or the ability of investors to hold or deal in the shares.

Derivatives

The Company may invest in complex derivative instruments that seek to modify or emulate the investment performance of particular securities, commodities, currencies, interest rates, indices, markets or specific risks thereof on a leveraged or unleveraged basis which can be equivalent to a long or short position in the underlying asset or risk.

These instruments generally have counterparty risk and may not perform in the manner expected, thereby resulting in greater loss or gain than might otherwise be anticipated. These investments are all subject to additional risks that may result in a loss of all or part of an investment, such as interest rate and credit risk volatility, world and local market price and demand, and general economic factors and activity.

Derivatives may have very high leverage embedded in them which may substantially magnify market movements and result in losses substantially greater than the amount of the investment, which in some cases could represent a significant portion of a strategy's assets. Some of the markets in which derivative transactions are effected are over-the-counter or interdealer markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as they are members of exchange based markets.

This exposes the Company to the risks that counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. The Company is not restricted from dealing with any one particular counterparty or from concentrating all of its transactions with one particular counterparty.

Professional negligence liability risks

The requirement to cover potential liability risks arising from professional negligence is covered by the AIFM's own funds. Sufficient capital above the regulatory limit is held which is monitored by the Board of the AIFM.

Key Information Document

A Key Information Document is available by visiting www.securitiestrust.com.

Amendment of this document

When there is a material change to the information contained in this document, it shall be updated. Otherwise, it will be reviewed and updated annually.

Martin Currie Fund Management Limited

October 2018