



PROFILE

Objective	To achieve rising income and long-term capital growth by investment in global equities.
Benchmark	Peer group [^]
Sector	Global equity income
Launch	28 June 2005

PORTFOLIO

Sector allocation

	30 Apr	31 May
Financials	18.7%	18.4%
Healthcare	11.3%	11.8%
Consumer Discretionary	9.8%	11.7%
Industrials	11.2%	11.5%
Information Technology	11.0%	11.1%
Materials	9.7%	9.9%
Consumer Staples	11.3%	9.2%
Real Estate	9.3%	8.8%
Energy	8.3%	7.8%
Telecommunications	5.1%	5.7%
Utilities	4.0%	4.1%
Cash	2.7%	2.1%
Active Options Exposure	0.3%	0.3%
Gearing*	(12.7%)	(12.4%)

Regional allocation

	30 Apr	31 May
North America	51.3%	50.3%
Europe	43.3%	44.5%
Asia Pacific ex Japan	7.5%	9.1%
Emerging Markets	6.3%	6.5%
Japan	1.6%	0.0%
Cash	2.7%	2.1%
Gearing*	(12.7%)	(12.4%)

Top 10 holdings

(30.6% of total portfolio)

Apple	3.8%
Philip Morris International	3.6%
Roche	3.6%
Chevron	3.3%
Waste Management	3.0%
Givaudan	2.8%
ING Groep	2.7%
Taiwan Semiconductor	2.6%
Banca Generali	2.6%
Deutsche Telekom	2.6%
Number of holdings	54
Number of countries	15

Key facts

Total net assets	£202.6m
Share price (p)	169.3
Net asset value per share (p)	180.7
Discount (premium)	6.3%
Historic net yield [†]	3.4%
Active Options Exposure [‡]	0.3%

PERFORMANCE

Cumulative performance over periods to 31 May 2017

	One month	Three months	Six months	One year	Three years	Five years
Share price	2.1%	0.9%	8.7%	30.3%	28.4%	72.4%
NAV	2.4%	1.5%	9.8%	29.1%	38.6%	86.0%
Peer group [^]	2.8%	1.8%	9.1%	27.0%	41.1%	86.9%

[^]On 1 June 2016 Securities Trust of Scotland changed from benchmarking performance against the MSCI World High Dividend Yield index to an unconstrained strategy measured against the performance of the median of the peer group described below. Performance is shown in the table above against this new peer group across various time periods for illustrative purposes only. Prior to adopting a global mandate on 1 August 2011 the company's benchmark was the FTSE All-Share index.

The peer group consists of the AIC Global Equity Income sector combined with actively managed ICVC, SICAV or OEIC funds from Lipper Global – Global Equity Income sector. Performance is measured against the median of this peer group.

12-month performance

	To end Q1 2017	To end Q1 2016	To end Q1 2015	To end Q1 2014	To end Q1 2013
Share price	27.7%	(2.2%)	3.1%	2.2%	24.4%
NAV	26.0%	0.0%	11.3%	3.3%	23.8%

Past performance is not a guide to future returns.

Source: Martin Currie, Morningstar and Lipper for Investment Management. Bid to bid basis with net income reinvested over periods shown in sterling terms. These figures do not include the cost of buying and selling shares in an investment trust. If these were included, performance figures would be reduced.

MANAGER'S COMMENTARY

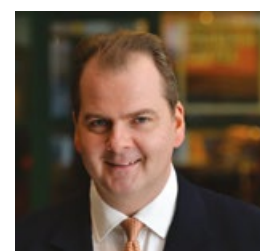
Global equities were up in May, the MSCI ACWI index rising 2.5% in sterling terms. Higher-yielding sectors rebounded during the month, with utilities leading the field and telecoms also doing well. Energy, meanwhile, was the only sector to finish the month in negative territory. At a regional level, Europe fared the best, while Pacific ex Japan was the worst-performing region. Notably, North America also lagged – in terms of the portfolio, we have been reducing exposure to US companies this year on valuation and yield grounds. Against this backdrop, the company's NAV rose 2.4% in May.

Tobacco firm Philip Morris was the top contributor in absolute terms. There is continued optimism surrounding its 'heat-not-burn' reduced-risk products taking market share in Japan and launching in new markets. Deutsche Telekom was also a notable positive; as well as being part of the strong showing from the higher-yielding sectors, there were rumours of corporate activity in the US surrounding the telco's stake in T Mobile, which is performing well. US tech giant Apple was another top performer.

On the other side, US cinema chain Cinemark was the main detractor, with the stock seeing some profit-taking after recent gains. Bank of Montreal also fared badly, as a run on sub-prime mortgage lender Home Capital Group led to increased concern for investors over a collapse in the Canadian Housing Market. Occidental Petroleum was another laggard. Although the new CEO has given some clarity on future strategy, the market has yet to be convinced.

In terms of portfolio transactions, we bought UK broadcaster ITV, global advertising agency Interpublic, and global medical diagnostics firm Sonic Healthcare. We sold global pharmaceutical Pfizer and Japanese convenience-store operator Lawson.

Mark Whitehead



*The risk outlined at the end of this document relating to gearing is particularly relevant to this company but should be read in conjunction with all warnings and comments given.

[†]Source for historic yield: Martin Currie as at 31 May 2017. The historic yield reflects dividends declared over the past 12 months as a percentage of the mid-market share price, as at the date shown. Investors may be subject to tax on their dividends.

[‡]As at 31 May 2017 the company's active options exposure amounted to 0.3% of the NAV. Please see Important Information for further details at the end of this document.

All sources (unless indicated): Martin Currie as at 31 May 2017.

CAPITAL STRUCTURE

Ordinary shares 112,143,937

BOARD OF DIRECTORS

Rachel Beagles (chairman) John Evans
Andrew Irvine Angus Gordon Lennox
Mark Little

KEY INFORMATION

Year end 31 March
Annual general meeting July
Interim dividends paid March, June, September, December
Investment management fee as at 31 March 2016[^] 0.6%
Ongoing charges 31 March 2016[§] 1.0%
TIDM code STS
Reuters code STS.L
Sedol code B09G3N2

[^]0.6% of the NAV of the company per annum, calculated quarterly.

[§]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
2012	122.0p	119.8p	(1.9%)	4.70p
2013	146.3p	141.8p	(3.2%)	4.75p
2014	144.8p	141.6p	(2.9%)	4.80p
2015	144.3p	152.9p	5.7%	4.90p
2016	135.0p	145.8p	7.4%	5.80p
2017	166.0p	178.0p	6.7%	5.95p

Past performance is not a guide to future returns.

IMPORTANT INFORMATION

This information is issued and approved by Martin Currie Investment Management Limited. It does not constitute investment advice. Market and currency movements may cause the capital value of shares, and the income from them, to fall as well as rise and you may get back less than you invested. 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 value of underlying net asset value of the shares.

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

Investment trusts may 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 majority of charges will be deducted from the capital of the company. This will constrain capital growth of the company in order to maintain the income streams.

The company employs an active but tactical options strategy by using derivatives, predominantly writing (selling) puts and covered calls for investment purposes, this being principally to generate income. This may be at the expense of generating capital gains.

A sold put option obligates an investor to take delivery, or purchase shares, of the underlying stock at a specified price within a specified time in return for receiving the payment of a premium.

Any use of derivatives for efficient portfolio management and options for investment purposes will be made on the basis of the same principals of risk spreading and diversification that apply to the company's direct investments.

Martin Currie Investment Management Limited, registered in Scotland (no SC066107) **Martin Currie Fund Management Limited**, registered in Scotland (no SC0104896). Registered office: Saltire Court, 20 Castle Terrace, Edinburgh EH1 2ES.

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Both companies are authorised and regulated by the Financial Conduct Authority. Please note that calls to the above number may be recorded.

MANAGER'S BIOGRAPHY

Mark joined Martin Currie as Head of Income in November 2015. He manages Securities Trust of Scotland and co-manages the Martin Currie Global Equity Income strategy. Previously, Mark worked at Sarasin & Partners where he constructed and managed a range of income, balanced, growth, and absolute return portfolios; he became Lead Manager for their thematic funds in the Global Dividend Range in 2007, and latterly was appointed Head of Equity Income from 2010. Before Sarasin & Partners, he was a portfolio manager at stockbroker Capel Cure Sharp. Mark started his investment career at NatWest Stockbrokers in 1998 and is a member of the Chartered Institute for Securities & Investment (CISI).

WEBSITE

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



www.securitiestrust.com