MARTIN CURRIE
A Legg Mason Company

SECURITIES TRUST OF SCOTLAND PLC

Annual report – year to 31 March 2019

Registered in Scotland, no SC283272

www.securitiestrust.com

ABOUT SECURITIES TRUST OF SCOTLAND

Growing long-term, delivering rising income

Securities Trust of Scotland plc ('the company') aims to achieve rising income and long-term capital growth through investment in a balanced portfolio constructed from global equities.

Dividends paid quarterly

We pay quarterly dividends to provide investors with a regular income. Dividends are paid in April, July, October and January.

Focused portfolio managed by Martin Currie

The manager typically runs a high conviction 35-55 stock equity portfolio that is unconstrained by geography, sector, stock or market capitalisation. Martin Currie is an active equity specialist, driven by investment expertise and focused on managing money for a wide range of clients.

Discount management

The company has the authority to repurchase shares at any time. If the average discount exceeds 7.5% in the 12 weeks prior to the financial year-end, a redemption opportunity is triggered (please see page 59).

Independent board

The company is overseen by an independent board. By engaging with and listening to shareholders, the board ensures that the company continues to offer a distinctive investment proposition that is relevant to investors' needs.

Objective

Rising income and long-term capital growth.

Peer group

The company's investment performance (on a total return basis) is measured against the median of all relevant open and closed-ended peers on a rolling three-year basis.

Please see page 12 for more details.

Capital structure

104,496,248 ordinary shares of 1p, each entitled to one vote.

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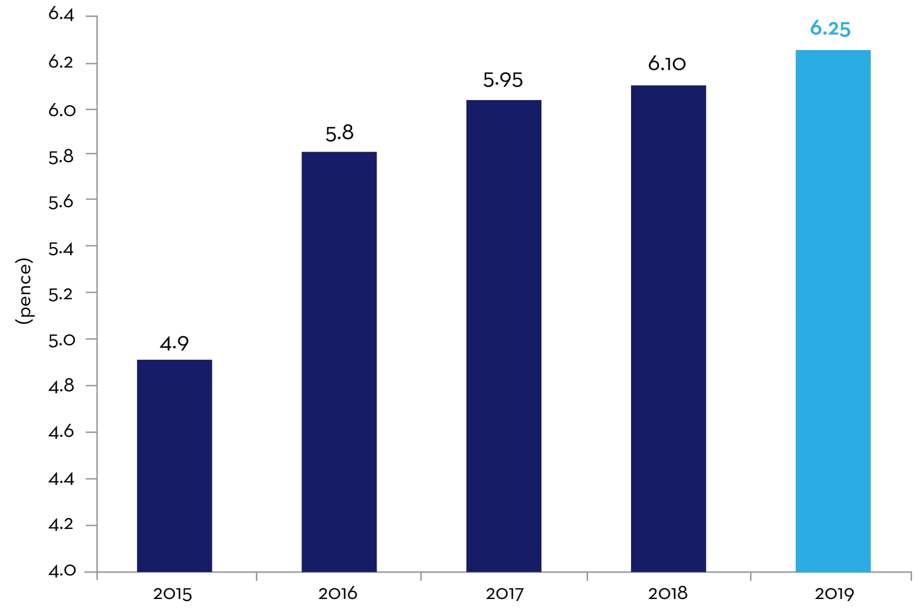
Our objective is to deliver rising income and long-term capital growth.

Rising dividend

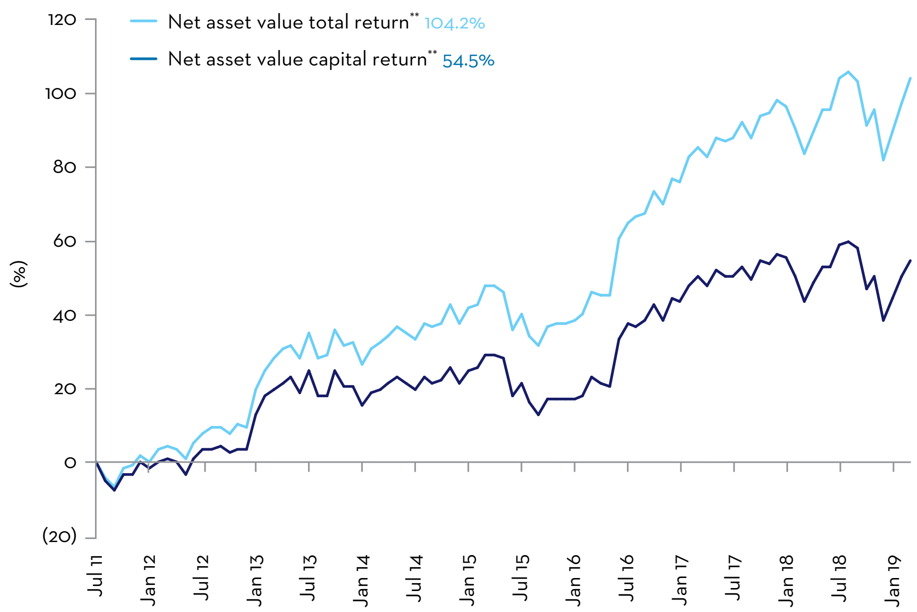
Dividend per share (pence)



Source: Martin Currie Investment Management.

A total annual dividend of 6.25p, an increase of 28% over 5 years, representing a yield of 3.7%*.

Long-term capital growth



The net asset value ('NAV') total return is over 104% since the adoption of a global mandate on 1 August 2011.

Source: Martin Currie Investment Management.
*As at 31 March 2019. **See Alternative Performance Measures on page 57 for definitions.

Past performance is not a guide to future returns.
Chart shows performance since the adoption of a global investment mandate on 1 August 2011.

FINANCIAL HIGHLIGHTS

Total returns‡^ (including reinvested dividends)

	Year ended 31 March 2019 %	Year ended 31 March 2018 %
Net asset value per share*	**11.4**	(1.1)
Share price	**9.6**	0.2
Peer group†	**8.5**	(1.8)

Key data

	As at 31 March 2019	As at 31 March 2018
Net asset value per share (cum income)^	**183.21p**	170.02p
Net asset value per share (ex income)^	**181.22p**	168.65p
Share price	**169.50p**	160.50p
Discount^	**7.48%**	5.60%
Average discount for the 12 week period to 31 March**	**4.94%**	4.95%
Net assets	**£191,444,000**	£187,784,000

Income

	Year ended 31 March 2019	Year ended 31 March 2018
Revenue return per share	**6.23p**	5.69p
Dividend per share	**6.25p**	6.10p

Ongoing charges^#

	Year ended 31 March 2019	Year ended 31 March 2018
Ongoing charges	**0.9%**	0.9%

‡The combined effect of any dividend paid, together with the rise or fall in the share price, net asset or peer group.

^For details of all Alternative performance measures refer to page 57.

*The net asset value (NAV) per share total return is calculated using cum-income NAV with dividends reinvested.

†Please see page 59 for details on the company's peer group.

**Based on ex income net asset value. This is an Alternative performance measure, please see page 57.

#Ongoing charges (as a percentage of shareholders' funds) are calculated using average net assets over the period. The ongoing charges figure has been calculated in line with the AIC's recommended methodology.

Five-year record

Annual total returns with dividends reinvested over 12 month periods to 31 March

	2019	2018	2017	2016	2015
Net asset value per share	**11.4%**	(1.1%)	26.7%	0.0%	11.3%
Share Price	**9.6%**	0.2%	27.7%	(2.2%)	3.1%

Source: Martin Currie Investment Management Limited.

Introduction

The year under review has been characterised by increasing volatility as the period progressed, as markets responded to the evidence of slowing global growth against a backdrop of tightening monetary conditions. This unappealing cocktail was further spiked by the threat of increased trade barriers, whether Brexit related, or those of a US-China trade war. Consequently, whilst the overall total returns achieved were good, almost all of the return achieved in the year was made in the first half.

Performance

I am pleased to report that the net asset value ('NAV') total return was 11.4% over the 12-month period. This was substantially better than the peer group median which returned 8.5%. The share price total return was lower, returning 9.6% as the discount to NAV widened, on which I write more below.

Since May 2016, when Mark Whitehead was appointed as portfolio manager, and the company moved to an unconstrained mandate, the NAV total return has been 40.9% and the share price total return 40.3% against the peer group median of 35.2%*.

Revenue earnings and dividends

The revenue return per share was 6.23p, an increase of 9.5% over that achieved the previous year (2018: 5.69p). This was driven by a strong increase in investment income, and a reduction in shares in issue due to buy backs, partially offset by lower options income. The increase in investment income is pleasing to see and is a consequence of the portfolio manager's focus on investing in stocks with both income and growth characteristics.

The board is pleased to declare a fourth interim dividend of 1.90p which will be paid on 26 July 2019 to shareholders on the register on 5 July 2019 with an ex-dividend date of 4 July 2019. The total dividend for the year of 6.25p represents a rise of 2.45% on the previous year. This dividend increase is representative of the board's intention to deliver a progressive dividend policy, and its aim is to grow the dividend at least in line with developed market inflation over a five-year rolling period. The annualised dividend growth achieved in the last five years is 5%.

The strong rise in revenue earnings and reduction in shares in issue over the period has meant that there is no reliance on retained capital profits to support the dividend. This is consistent with the board's medium-term strategy to allow the earnings to continue to grow such that they will consistently cover the annual dividend. It is worth noting that the board would be happy to support the dividend by paying out of retained capital reserves, if necessary, in the interests of providing a rising and reliable stream of income to our shareholders. This ability to pay dividends from capital is one particular advantage of the investment trust structure.

Discount, buy backs and marketing arrangements

The cum income discount widened over the course of the year, finishing the year at 7.5% (2018: 5.6%). The average cum income discount over the course of the year was 7.0% and the company bought back 5,950,544 shares into treasury at an average discount of 7.3%. This represents 5.7% of the company's share capital. Of note here, though, is that 74% of the shares bought back over the 12-month period were bought in the first half of the year, before the new marketing budget, that I reported on in the half yearly report, was put to work.

Whilst it's early days, there is encouraging evidence that this incremental spend on promotional activities, which is being funded by our manager, is increasing demand for your company's shares. The long-term aim of the board is to increase demand, such that the shares might trade again at a premium to NAV. This would allow the company to reissue shares recently bought back, or indeed issue new shares, thus enabling the company to grow its share capital once again.

Board

In October we welcomed Sarah Harvey to the board, as part of ongoing board refreshment. Sarah brings considerable experience in marketing, digital and corporate strategy, as well as business operations. Her input has been most valuable as the company embarks on its refreshed marketing programme. Sarah assumed the role of chairman of the marketing and communications committee on 1 January, when Angus Gordon Lennox took on the role of chairman of the nominations committee. Angus remains as senior independent director.

Having served nine years on the board of Securities Trust of Scotland, I will retire from the board following the AGM in September and John Evans will succeed me as Chairman. John is a highly experienced director and chairman and I know that shareholders will be very well served under his leadership. I have enjoyed meeting many of our shareholders whilst I have been Chairman and I would like to thank you for your support for the company during this period.

*See page 59 for details of peer group.

Sustainability and Securities Trust of Scotland

Corporate failures such as Carillion and the cost to shareholders of VW's emissions scandal provide clear evidence of the need to embed non- financial inputs such as environmental, social, and governance considerations (ESG) into the investment process. Your board believes that positive behaviours demonstrated by companies in these areas will add shareholder value over the longer term. In addition, and specific to investment in your company, in order to attract incremental demand from younger savers, it will become increasingly important that companies such as Securities Trust of Scotland can demonstrate that it is indeed investing responsibly.

Stewardship factors are an integral part of Martin Currie's investment philosophy and process and have been for some time: the manager has been a signatory of the Principles for Responsible Investment (PRI) since 2009. I am delighted to report that your manager has, yet again, been awarded the highest possible rating (A+) from the PRI for each of its three top-level categories: strategy and governance, incorporation and active ownership, which places it in the 7th percentile of asset managers globally when considering such matters. More information is provided on our website of how ESG considerations are embedded into the manager's approach to investing, the address of which is provided below.

Managing your income

The credentials of investment companies as vehicles for providing reliable and regular income are well known to investors. Those investors looking to use investment companies to provide monthly income may find the Association of Investment Company's ('AIC') newly launched 'Income Finder' useful to create a virtual portfolio of income paying investment companies and to track their dividend payment dates. Securities Trust of Scotland pays quarterly dividends in the months of April, July, October and January and as mentioned above, advocates a progressive dividend policy.

https://www.theaic.co.uk/income-finder/income-builder

Liquidity considerations

Portfolio liquidity is a topical subject at the moment. Whilst the closed-end structure of an investment trust means that investor redemptions are not a feature, it is reassuring that the STS investment portfolio is constructed from a well spread group of 35-55 listed global equities (44 as at 31 March 2019). Liquidity risk is not considered to be significant, as the company's investments comprise mainly readily realisable securities. In the event it was required, the managers' expectation is that the current portfolio could be liquidated to the extent of 97% within three trading days, based on a conservative set of assumptions. This measure is updated and reviewed regularly by the investment manager, and presented at all board meetings.

Outlook

The last year has seen central banks continue to attempt to normalise monetary conditions after the unprecedented accommodative policies following the global financial crisis. Increasing evidence of slowing global growth, and further uncertainties caused by Brexit, and the prospect of a trade stand off between the US and China, has caused policy makers to rethink the pace of normalisation and in the case of China, stimulus has followed. Whilst the market response to such adjustments has been positive, further moves by President Trump to increase pressure on China has provided increased cause for concern.

The earnings outlook is unclear in the near term whilst such uncertainties remain and increased market volatility is to be expected. The scope for outperformance by skilled stock pickers, with a keen eye for quality and value remains, particularly for those investors such as ourselves that are unconstrained by geography, sector and index.

Don't miss our updates

The company's award winning website at securitiestrust.com is a comprehensive source of information and includes regular portfolio manager updates and outlook videos, monthly performance factsheets, interactive market analyses and independent research reports.

I recommend that you subscribe for regular email updates that will keep you abreast of key information and thank you, on behalf of the board, for your continued support.

Rachel Beagles
21 June 2019

Market review

The 2019 fiscal year for Securities Trust of Scotland started with a rebound after the rather weak start to equity markets in early 2018. As we moved through the summer and into autumn, volatility began to pick up again, and the fourth quarter proved to be a very weak period for equities, followed by a strong rebound in the first quarter of 2019.

There was political upheaval, macro- and micro-economic volatility, combined with tariff threats and implementations – to name just a few of the drivers of meaningful dispersion in equity market performance. Before we highlight some of the most significant influencing factors, it's important to understand that the global synchronised growth recovery, witnessed for much of 2017, dislocated in 2018. The US remained the best-performing G10 country, with strong real GDP growth, but even this began to wane as we moved deeper into the second half of the year.

This contrasts with the Euro Area, where GDP growth decelerated early last year – a trend that has continued. Elsewhere, Emerging, Pacific and Frontier markets have also struggled with growth slipping. The strong US dollar, poor budgetary and liquidity conditions, large levels of US dollar-denominated debt and weakening commodities were all highlighted as causes of the slowdown. When combined with higher inflation, this was most acutely felt in countries such as Argentina and Turkey. China has also slowed, no doubt exacerbated by the shock of escalating trade tensions with the US, which had threatened materially to curb GDP growth. Policy interventions, such as tax cuts and looser monetary controls, have been announced and enacted, and the first signs of a pick-up in economic activity are becoming evident. This has certainly tarnished sentiment towards Chinese equities, which suffered acutely in the summer, but then rebounded strongly in late 2018 and early 2019.

The speed and magnitude of the collapse in stock markets in December and recovery in January 2019 was breathtaking. For the S&P 500, it was one of the worst Decembers since 1931 and the best January since 1987! Very rarely have we seen such an aggressive fall in markets followed the next month by such a violent reversionary bounce back.

The causes of this dramatic change in market sentiment revolved around the macroeconomic activity witnessed in quarter four. Tightening financial conditions and slowing growth across the world, most notably the more recent deterioration in the US, caused sufficient market disruption, particularly in credit and cash-funding markets, to persuade the Federal Reserve to take a much more dovish tone. Bombed-out equity markets, with investor sentiment at rock bottom in late December, combined with the prospect of looser monetary and fiscal conditions, provided the boost investors needed to drive equity markets back toward long-term fair value by the end of January.

The flip flop in Federal Reserve Chairman Powell's policy was also fascinating. It occurred very quickly, with some arguing that he caved in to Mr. Trump's pressure to rein back his tightening policy path. A cynic might conclude that the volte-face has everything to do with Mr. Trump positioning the economy for another surge of growth as we move deeper into the last half of his first term in office. Certainly, one could argue that it was a response to the deteriorating macroeconomic data, which has been buckling under the weight of the China-US trade war.

What is clear, is that global growth is now rather lacklustre. There have been a decent number of industrial activity indicators and PMI surveys across regions that point to a period of more sluggish growth. It seems that the strength in US activity early last year was enough to offset Emerging Market and Euro Area softness, which allowed the global economy to plough an above-trend growth rate. Unfortunately, the recent slowdown in the US has now taken its toll, driving global growth below trend.

Most recently, in March the US 10-year bond yield fell below the three-month Treasury bill yield for the first time since 2006. Commentators have been quick to point out the significance of this. Since the 1960s, seven out of the eight US yield-curve inversions were followed by a recession.

Germany has also seen its economy stagnate – the trade war has affected auto and component sales (among other exported goods) as China has slowed. Consumer confidence is also waning. Elsewhere, Italy's extreme left-wing and right-wing coalition government doesn't seem to be working all that smoothly. Italy is big enough to destroy both the European Union and the euro, and this risk has certainly risen. European risk asset aversion has risen in tandem and, to make matters worse, Italy is now in a technical recession. Encumbered with far too much debt and a fractured political system, it is unclear how they can wade through their own bureaucracy to stimulate activity through supportive policy. Spain, on the other hand, is the odd one out in Europe, and seems to be operating at robust economic activity levels.

Brexit negotiations continue to prove challenging, most likely driving lower growth across Europe, not just in the UK. The weird anomaly is that despite such turgid UK growth, the economy is running at near-record full employment! This is a lagging indicator, so we may see some weakness in the coming months. It might also be due to British business residing in a state of paralysis until clarity on the exit terms is forthcoming, causing productivity to contract.

Yet global equity markets remain firm and could do well for some time yet. For us, this calls for even greater diligence in stockpicking. We don't expect strong appreciation from here, and bouts of volatility should be anticipated. This should provide a much better backdrop for high-quality, cash-generative businesses that are able to distribute sustainable growing dividends to investors. In other words, the perfect income stocks.

Portfolio Review

The NAV of the fund produced a positive total return of 11.4% in sterling absolute terms for the fiscal year. This put the fund in the second quartile of the composite peer group (which includes over a hundred comparable global equity income products using an open or closed-ended structure) over the same period.

The divergence in regional equity market performance was quite stark, but largely followed the narrative of the relative growth backdrop: lower returns available to shareholders of stocks domiciled in slowing economies. North America was much the best regional market, its stronger performance also a function of delivering the best corporate earnings. The North American equities in the fund have performed strongly, driving much of the total return for the fund. Indeed, most of the top-ten positive absolute performers over the past twelve months were North American.

The leading sectors for the fund in terms of absolute performance were consumer staples, utilities and communication services. The sectors that produced negative returns included financials, industrials and consumer discretionary. These were more cyclically facing sectors that investors have de-rated in anticipation of earnings coming under pressure should we move into a recession.

The best-performing stock in the portfolio over the past year was Merck, the US healthcare company. Merck's immuno-oncology drug Keytruda at the very least de-risks the growth profile of Merck over the next few years. It likely also offers upside, which immediately makes it attractive relative to peers (whose growth is not de-risked, broadly speaking), in our view. This leaves ample room for upside from the pipeline, which is focused on HIV, vaccines and non-immuno-oncology (especially Lenvima and Lynparza). Merck comfortably remains our top 'Big Pharma' pick, and it has also benefited from investor sentiment warming to the sector.

DSM, the Dutch vitamin producer, is a great example of a stock we have high conviction in that has produced excellent dividend growth. The company is a leader in nutrition science and is innovating continually to produce cutting-edge products. Just recently, it announced testing of a product to help dairy farmers in New Zealand reduce their cows' methane production. Cows, through the enteric process (burping), are one of the largest producers of this potent greenhouse gas that causes climate change. Incredibly, 4% of total global greenhouse gas is generated by cows, and DSM's dietary supplement aims to reduce this by 30%. The market for this product could be as much as $1–3billion. The company not only grows strongly, supported by its innovation, but also has a solid capital structure and recently confirmed that it will increase its dividend payment by 25%.

Continental, a consumer company that's perhaps more of an industrial, as it produces tyres and auto components, was the worst performer in absolute terms for the portfolio. The stock announced two profit warnings in 2018. Beyond some weakness in Chinese auto demand and disruption from WLTP emissions regulation (tough new emissions regulations have played havoc with original equipment manufacturers (OEMs') production in the short term), auto demand in developed markets has been robust, far from plunging into recession. But this hasn't deterred investors from selling with impunity. The theme of the market shooting first and asking questions later – on the slightest piece of negative short-term news – has been more prevalent as we near the end of this economic cycle. In the main, defensive names have been performing better in Europe, with Zurich Insurance and Britvic making it into the top-ten absolute contributors for the year.

Activity

During the period, we sold our position in Apple. Contrary to our original investment case in 2016, Apple's Services have grown much faster and Apple iPhone much slower than we expected. We believe future growth is increasingly dependent on one division (services) and is a fraction of the group. For us, this calls into question the sustainability of growth and comes at a time of investor nerves about China (20% of sales and a key manufacturing base), both in terms of trade relations with the US and economic stability.

In October, we sold a number of our more cyclical holdings to insulate the portfolio from any further slide into an economic and earnings recession. The proceeds of these sales were invested across the more defensive positions which have more stable earnings. An example was the sale of DS Smith, a cardboard box manufacturer that we thought could grow revenues and earnings, benefiting from the structural shift to online shopping. However, we worried that this company could prove to be very cyclical, as it proved to be in the last downturn. The company argues otherwise, as it has been winning long-term contracts with the likes of Amazon. When we reviewed the company prior to our sale, we also felt that the innovation the company talks so much about, is not really in evidence. We still receive large Amazon boxes with far too much empty space in them. The paper cycle is also long in the tooth, with consumer activity waning. The stock has gone on to fall another 25% since our sale, so we will take another look at it. But we are doubtful that enough has changed to warrant us revisiting the position.

We have recently purchased a position in Tencent. The investment case for Tencent is threefold; monetisation of its extremely large user base, continued strong execution within gaming, and development (and eventual increasing profitability) within the 'other' divisions. We believe the market is currently overly focused on short-term issues such as macroeconomic fears or a changing regulatory environment, which is presenting a good entry point into a great long-term story.

Tencent is among the most exciting growth stocks globally, and thus growth is one of the key angles to the investment case. Trends towards social platforms, online advertising, gaming on smartphones, cloud computing, and mobile payments should all drive the top line well beyond our investment horizon. Although it is too early to model, Tencent also offers the option of exposure to many nascent areas – for example, autonomous driving. All in, we expect growth over the next five years should carry on in much the same vein as history and expect >20% CAGR.

Outlook

With global macroeconomic data sluggish in most regions, the question is whether or not we are entering economic recession, or this is just a blip in activity caused by the trade wars and tightening fiscal and monetary conditions? In simple terms, have the central banks, particularly the Federal Reserve, got their hawkish policies wrong?

The answer would appear to be 'yes'. In response to weaker data, the Federal Reserve has responded by shifting its policy path, so rather than the two further rate rises we expected in 2019, there is now the prospect of rate cuts going into 2020 and the stance of 'easy money' looks set to be extended. The Federal Reserve highlighted the risks investors are well versed in: slower growth in major economies and heightened political uncertainty, including trade tensions and Brexit. This more accommodative stance may well continue to fuel equities throughout the rest of 2019 and in 2020.

The China-US trade dispute continues to rumble on with the focus now on the meeting between Donald Trump and Xi Jinping when the two leaders attend the G20 summit in Japan in late June. There are hopes that the US and China will increase efforts to end their trade war. The question is how this has impaired the long-term economic relationship between the US and China. China is certainly seeing slower growth and is already putting in place its own policy response in the form of its own bank bailout, combined with tax and interest-rate cuts to try to stimulate domestic activity. As a result, we could continue to see a good rebound in Chinese and related equity markets after a terrible year in 2018, as sentiment and activity improve.

In Europe, Brexit is now delayed to October 31. Much will depend on who becomes the next UK Prime Minister and what their stance will be regards this date being immovable. The risks have certainly increased that Britain could be heading for a no-deal Brexit. Were this to be the case we would likely see pressure on sterling and UK domestic equities. The markets, as with business generally, would benefit from more clarity.

German macroeconomic data is bleak, but we assume that politicians will be putting pressure on Brussels to agree a Brexit deal to prevent a slide into recession. Private investment has been weak, and faltering Chinese growth has not been good for exports. A paltry 1.3% GDP growth forecast* for 2019 could improve later in the year if the fiscal backdrop is more favourable.

Global corporate earnings expectations look to have come down a long way since September. This has been driven by a combination of margin pressure, top-line deceleration and the loss of tax stimulus. Earnings estimates are falling, driven by energy, materials and technology sectors. Two negative year-over-year earnings growth quarters would, of course, signal an earnings recession. The market does, however, expect a rebound in earnings later in 2019, but we should not expect that to be too exciting in the face of rising costs for transport/logistics, labour, funding, tariffs and materials.

Now that the S&P 500 has climbed back through fair value, as measured by long-term P/E multiples, we believe we really need to see earnings hit a trough before markets move higher from this point. It is certain that central banks, with a more dovish stance, will hold off on tightening policy and further fiscal stimulus may even be put in place.

In conclusion, the market outlook in our view demands a much more careful stockpicking mentality, a laser focus on corporate margin pressure, and a keen eye on valuation. We don't expect strong moves from here, and bouts of volatility should be expected. This will surely be a much better backdrop for high-quality, cash-generative businesses that are able to distribute sustainable, growing dividends to investors. These may well make up most of the real equity market return for some time.

Mark Whitehead

21 June 2019

*German GDP forecast from January 2019 World Economic Forum.

PORTFOLIO SUMMARY

Portfolio distribution as at 31 March 2019

By region (excluding cash)

	31 March 2019 %	31 March 2018 %
North America	**46.7**	48.7
Developed Europe	**41.5**	40.8
Developed Asia Pacific ex Japan	**11.8**	10.5
	100.0	100.0

By sector (excluding cash)

	31 March 2019 %	31 March 2018 %
Consumer goods	**19.9**	17.2
Financials	**19.2**	27.5
Industrials	**16.8**	16.6
Technology	**9.6**	7.2
Basic materials	**9.0**	8.0
Healthcare	**8.3**	7.3
Oil & gas	**6.6**	6.9
Utilities	**6.4**	3.1
Telecommunications	**2.7**	2.2
Consumer services	**1.5**	4.0
	100.0	100.0

By asset class (including cash and borrowings)

	31 March 2019 %	31 March 2018 %
Equities	**110.4**	110.3
Options	**–**	(0.3)
Cash	**2.6**	3.0
Less borrowings	**(13.0)**	(13.0)
	100.0	100.0

Largest 10 holdings

	31 March 2019 Market value £000	31 March 2019 % of total portfolio	31 March 2018 Market value £000	31 March 2018 % of total portfolio
Microsoft	**10,625**	**5.0**	6,438	3.1
WEC Energy Group	**7,757**	**3.7**	3,790	1.8
Procter & Gamble	**7,540**	**3.6**	3,583	1.7
Merck & Co	**7,500**	**3.5**	4,820	2.3
Air Products + Chemicals	**7,254**	**3.4**	–	–
Sanofi	**6,646**	**3.1**	3,758	1.8
Zurich Insurance Group	**6,585**	**3.1**	–	–
Crown Castle International	**6,527**	**3.1**	4,671	2.3
Koninklijke DSM	**6,479**	**3.1**	5,394	2.6
Taiwan Semiconductor	**5,979**	**2.8**	5,036	2.4

As at 31 March 2019

	Sector	Country	Market value £000	% of total portfolio
North America			99,038	46.7
Microsoft	Technology	United States	10,625	5.0
WEC Energy Group	Utilities	United States	7,757	3.7
Procter & Gamble	Consumer goods	United States	7,540	3.6
Merck & Co	Healthcare	United States	7,500	3.5
Air Products + Chemicals	Basic materials	United States	7,254	3.4
Crown Castle International	Financials	United States	6,527	3.1
Chevron	Oil & gas	United States	5,522	2.6
BCE	Basic materials	Canada	5,338	2.5
Eaton	Industrials	United States	4,934	2.3
Lockheed Martin	Industrials	United States	4,907	2.3
Suncor Energy	Oil & gas	Canada	4,311	2.0
Occidental Petroleum	Oil & gas	United States	4,244	2.0
Phillip Morris International	Consumer goods	United States	4,201	2.0
Paychex	Industrials	United States	3,958	1.9
Blackstone Group	Financials	United States	3,818	1.8
VF Corp	Consumer goods	United States	3,802	1.8
Leggett & Platt	Consumer goods	United States	3,431	1.6
BB&T Corp	Financials	United States	3,369	1.6

PORTFOLIO HOLDINGS

	Sector	Country	Market value £000	% of total portfolio
Developed Europe			88,500	41.5
Sanofi	Healthcare	France	6,646	3.1
Zurich Insurance Group	Financials	Switzerland	6,585	3.1
Koninklijke DSM	Basic materials	Netherlands	6,479	3.1
Airbus	Industrials	France	5,974	2.8
Deutsche Telekom	Telecommunications	Germany	5,809	2.7
SSE	Utilities	United Kingdom	5,713	2.7
Britvic	Consumer goods	United Kingdom	5,637	2.7
Danone	Consumer goods	France	5,333	2.5
Unilever	Consumer goods	Netherlands	4,946	2.3
Securitas AB	Industrials	Sweden	4,052	1.9
HSBC Holdings	Financials	United Kingdom	3,910	1.8
Compagnie Financiére Richemont	Consumer goods	Switzerland	3,896	1.8
Koninklijke Philips	Industrials	Netherlands	3,828	1.8
Civitas Social Housing	Financials	United Kingdom	3,407	1.6
Kingfisher	Consumer services	United Kingdom	3,170	1.5
Beazley	Financials	United Kingdom	2,835	1.3
Caixabank SA	Financials	Spain	2,826	1.3
Prudential	Financials	United Kingdom	2,691	1.3
Greencoat UK Wind	Financials	United Kingdom	2,412	1.1
Ibstock	Industrials	United Kingdom	2,351	1.1
Developed Asia Pacific ex Japan			25,140	11.8
Taiwan Semiconductor	Technology	Taiwan	5,979	2.8
Transurban Group	Industrials	Australia	5,662	2.7
Tencent Holdings	Technology	Hong Kong	3,891	1.8
Shanghai Fosun Pharmaceutical	Healthcare	Hong Kong	3,698	1.7
Samsung Electronics	Consumer goods	Korea	3,410	1.6
United Overseas Bank	Financials	Singapore	2,500	1.2
Total portfolio			212,678	100.0

Business model

The company, as an investment trust, is a UK closed-end public limited company which invests in a diversified portfolio of assets meeting certain tax conditions. The primary objective is to achieve rising income and long-term capital growth which it seeks to deliver for shareholders through investment in a balanced portfolio constructed from global equities.

With effect from 1 April 2018 the performance of the company is measured against the median of all relevant open and closed-ended peers (sourced from the Morningstar Global Equity Income Sector and AIC Global Equity Income Sector) on a rolling three-year basis. Up until 31 March 2018 performance was measured against the median of all relevant open and closed-ended peers (sourced from the Lipper Global – Global Equity Income sector and Association of Investment Companies ("AIC") Global Equity Income Sector) on a rolling three-year basis. The peer group total return performance for the year end 31 March 2019 was 8.5%.

In addition, and to ensure that the investment objective is met, the manager aims to grow both the revenue earnings and the cum income NAV in real terms over a rolling five year period.

The company has no employees, and the board outsources its entire operational infrastructure to third party organisations. In particular, the board appoints and oversees an independent investment manager to manage the investment portfolio. The board sets the company's strategy, decides the appropriate financial policies to manage the assets and liabilities of the company, ensures compliance with tax, legal and regulatory requirements and reports regularly to shareholders on the company's performance. The directors do not envisage any change to this model in the foreseeable future.

For more information on investment trusts please visit www.theaic.co.uk.

Strategy

The board's principal strategies are:

Current investment strategy

The company invests primarily in global equities. The majority of the portfolio is invested in large capitalisation companies; companies with market capitalisations over £1 billion. The resulting diversified portfolio of international quoted companies is focused, containing between 35 and 55 high conviction stocks selected on the basis of detailed research analysis. This 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 (as represented by the company's reference peer group).

Investment policy and objective

The investment objective of the company is to achieve rising income and long-term capital growth through investment in a balanced portfolio constructed from global equities. The board does not impose any limits on the manager's 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.

Beyond this, the investment manager analyses the overall shape of the portfolio to ensure that investment risk is dominated by the high conviction stocks in the portfolio and that the combination of stocks held does not lead to unintended reliance on a particular macroeconomic factor (for example, a higher oil price or lower interest rates). The board monitors investment risk on an ongoing basis.

Risk management

As set out above, risk management is largely focused on managing investment risk in accordance with the investment policy guidelines set by the board. The board has established risk parameters for the investment manager within which the portfolio will be managed. The board reviews, at each board meeting, the relevant risk metrics presented by the manager and monitors investment risk on an ongoing basis.

The wider corporate risks relate mainly to the challenges of managing the company in an increasingly regulated and competitive market place. These risks are each actively managed through mitigation measures which the board has put in place and which are discussed on pages 13 and 14 of this report.

Marketing

The marketing strategy seeks to:

- increase demand for the company's shares;
- obtain ratings and buy recommendations from key wealth managers; and
- grow the profile of the company across the wider market.

This is achieved through active promotion by the investment manager and through the company's website which contains information relating to performance, outlook and significant developments as they occur. In addition, the company utilises best practice marketing tools such as advertising, public relations and promotional marketing. The manager also meets regularly with existing and potential institutional shareholders.

Financial

The main focus is on the management of shareholder capital; the use of gearing; and the management of the risks to assets and liabilities of the company.

The board's principal goal for the management of shareholder capital is to achieve rising income and long-term capital growth.

Dividend policy

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

At the AGM in 2012 the board received shareholder approval to permit dividends to be paid out of capital reserves.

Gearing and bank facilities

From time to time the company finances its operations through bank borrowings. However, the board monitors such borrowings (gearing) closely and takes a prudent approach.

The company currently has a two year revolving credit facility for £10 million and a multi-currency seven year fixed facility for £15.2 million drawn in three tranches (£1,500,000, €4,500,000 and US$12,750,000). The facilities are fully drawn down in sterling, US dollars and euros with the intention of increasing income and of improving future investment returns. The gearing is being effectively employed by the portfolio manager in two different ways. Firstly, by investing the majority of the proceeds in global equities and secondly, with the tactical use of options, in a careful and controlled manner. In accordance with the investment policy the current limit on gearing is 20% of net assets.

Options writing strategy

The company predominantly sells single stock put options for income enhancement but may occasionally sell call options on existing portfolio positions (covered calls) too. Single stock put options will be sold typically "out of the money" on stocks we wish to own that have come through our research system and are rated buy. Call options will only ever be sold on existing cash equity positions held in the portfolio (covered call writing). See Glossary on page 58 for definitions.

Principal developments and future prospects

The principal business developments over the course of the year are set out in the chairman's statement on pages 4 and 5 and the manager's review on pages 6 to 8. The future performance of the company depends upon the success of the company's investment strategy in light of economic factors and equity markets developments. Please refer to the chairman's statement on pages 4 and 5 and the manager's review on pages 6 to 8 for an update on future prospects for the company.

The board continues to monitor developments for the UK's departure from the European Union and to assess the potential consequences for the company's future activities. Whilst there remains considerable uncertainty, the board believes that the geography and diversification of the company's assets will provide some insulation from Brexit related risks.

We have a small amount of exposure to the domestic British economy although there is also direct exposure to the European Union. Where direct exposure to UK listed stocks is held, generally the companies' activities are conducted in many different regions diversifying their own revenue and profits streams. Where direct UK exposure is owned, the companies mostly operate in industries where there is long term structural demand for their products and services, such as for utilities, infrastructure and insurance. Currency rate and borrowings drawn down by the company may be affected by Brexit developments particularly in relation to movements in Sterling/U.S. Dollar/Euro rates. All these factors could affect the value of the company's shares.

The board believes that the processes of internal control that the company has adopted and oversight by the investment manager continue to be effective.

Principal risks and uncertainties

Risk and mitigation

The company's business model is longstanding and resilient to most of the short term uncertainties that it faces, which the board believes are effectively mitigated by its internal controls and the oversight of the investment manager, as described in the table below. The principal risks and uncertainties are therefore largely longer term and driven by the inherent uncertainties of investing in global equity markets. The board believes that it is able to respond to these longer term risks and uncertainties with effective mitigation so that both the potential impact and the likelihood of these seriously affecting shareholders' interests are materially reduced.

Risks are regularly monitored at board meetings and the board's planned mitigation measures are described in the table below. The board maintains a risk register and also carries out a risk workshop as part of its annual strategy meeting. The board has identified the following principal risks to the company:

Risk	Mitigation
Loss of S1158-9 tax status	Loss of S1158-9 tax status would have serious consequences for the attractiveness of the company's shares. The board considers that, given the regular oversight of this risk carried out by the investment manager and reviewed by the board, the likelihood of this risk occurring is minimal. The audit committee regularly reviews the eligibility conditions and the Company's compliance against each, including the minimum dividend requirements and shareholder composition for close company status.
Long-term investment underperformance	The board manages the risk of investment underperformance by relying on good manager stock selection skills within a framework of diversification and other investment restrictions and guidelines. The board monitors the implementation and results of the investment process with the manager (who attends all board meetings) and reviews data that shows statistical measures of the company's risk profile. Should investment underperformance be sustained despite the mitigation measures taken by the investment manager, the board would assess the cause and be able to take appropriate action to manage this risk.
Market, financial and interest rate risk	The company's portfolio is invested in listed equities and is therefore exposed to market risk. Adherence to investment process is intended to ensure portfolios are optimally positioned for market turbulence. The majority 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, and currently does, match specific overseas investment with foreign currency borrowings. As a consequence of investing in overseas securities the statement of comprehensive income is subject to currency fluctuation arising on overseas income. In order to retain its place in the FTSE All-Share index, the company must satisfy the liquidity test criteria set by the FTSE at each annual review. The liquidity of the company's shares is monitored by the board, the investment manager and the company's broker with a report being reviewed at every board meeting. The board regularly discusses ways to improve the liquidity position of the company. The company intends to use its authority to distribute some capital profit by way of dividend if so required. If the company distributes capital profit by way of dividend, the board is aware that it cannot support the payment of dividends partly out of capital on an indefinite basis in certain investment scenarios. The board actively manages this risk with the investment manager by seeking to grow the company's income and capital in real terms over the longer term.
Operational Risk	The company has outsourced its entire operational infrastructure to third party providers. Contracts and service level agreements have been arranged to ensure that the service provided by each third party provider is of a sufficiently professional and technically high standard. The board receives and reviews control reports from all service providers. Periodically, the board requests representatives from third party service providers to attend board meetings to give the board the opportunity to discuss the controls that are in place directly with the third party providers. The board receives and reviews control reports from all service providers. The board carries out an annual evaluation of its service providers and gives regular feedback to the investment manager through the management engagement committee.

Key Performance Indicators

The board provides certain key performance indicators ('KPIs') to monitor and assess the performance of the company. For more details on Alternative Performance Measures refer to pages 57 and 58. The principal KPIs are:

1. Performance relative to the peer group

The target is for the NAV total return to exceed the median of the peer group on a three year rolling basis, since changing to peer group performance measurement on 1 June 2016. The relative performance against peers over the period from 1 June 2016 to 31 March 2019 (34 months) is provided below.

The total return of NAV during the 34 month period was 40.9% against the peer group total return NAV of 35.2%, resulting in an outperformance of 5.7%.

The chairman's statement, on pages 4 and 5, and the manager's review, on pages 6 to 8, provide more information on performance. See page 59 for details of the peer group.

2. Growth in net assets

The growth in net assets is measured by the growth in the cum income NAV per share during the financial year. The company's cum income NAV per share grew to 183.21p at 31 March 2019, from 170.02p as at 31 March 2018, an increase of 7.8%.

The chairman's statement, on pages 4 and 5, and the manager's review, on pages 6 to 8, provide more information on performance.

3. Ongoing charges

The board monitors the ongoing charges to ensure it stays at or below 1.0%. The ongoing charges for the year end 31 March 2019 were 0.9% (2018: 0.9%) and therefore the KPI was achieved.

4. Discount

The company has a policy of maintaining the average ex income discount in the last 12 weeks of the financial year at below 7.5%. The average discount over the 12 week period to 31 March 2019 based on the ex income NAV was 4.9%.

5. Rising income

The board aims to achieve rising income through investment in a balanced portfolio constructed from global equities.

The annual dividend for the year end 31 March 2019 was 6.25p, an increase of 2.5% on the annual dividend for the year end 31 March 2018 of 6.10p.

Summary of KPIs	Target	Actual	Achieved
1. Performance relative to peer group	Total return to exceed the median over three years on a rolling basis	5.7%*	✓
2. Growth in net assets	Growth in cum income NAV	7.8%	✓
3. Ongoing charges	Below 1.0%	0.9%	✓
4. Average discount	Below 7.5%	4.9%	✓
5. Rising income	Dividend per share growth	2.5%	✓

*In the absence of a three year period since changing to peer group performance measurement on 1 June 2016, relative performance against peers over the period from 1 June 2016 to 31 March 2019 has been provided.

Approved by the board

Rachel Beagles

21 June 2019

Rachel Beagles, chairman

Rachel is chairman of the Association of Investment Companies, and a non-executive director of Aberdeen New India Investment Trust plc and Gresham House plc. She worked in financial markets, primarily in equity research and sales from 1990 until 2003 and was co-head of the Pan-European Banks Equity Research and Sales Team and a managing director at Deutsche Bank AG from 2000 until 2003. After leaving Deutsche Bank, she has become involved with a number of companies in a non-executive capacity. She brings experience of the investment industry, including investment companies and equity research. She was appointed to the board of Securities Trust of Scotland in July 2010, becoming Chairman in July 2016.

Mark Little, chairman of the audit committee

Mark has an extensive knowledge of the investment industry, as the former Managing Director of Barclays Wealth Scotland and Northern Ireland. Mark held this position for eight years until 2013 when he retired. Prior to this, Mark held the position of Global Head of Automotive Research at Deutsche Bank where he managed and coordinated its global automotive research product. He is currently an Investment Director with Seven Investment Management, a non-executive director and chairman of the audit committee of Sanditon Investment Trust plc, a non-executive director of Majedie Investments plc, and acts as a consultant to Lindsays LLP. He was appointed to the board of Securities Trust of Scotland in October 2014.

Sarah Harvey, chairman of the marketing and communications committee

Sarah is Chief Operating Officer of Prodigy Finance Ltd, a global fintech company that provides postgraduate loans to students studying outside their home country, where she oversees their product, technology, operations, business development and marketing, risk and people functions. Sarah has worked for the last 7 years in start-up companies, as the U.K. Managing Director of Square Inc, the US listed fintech company, and as the Chief Operating Officer at Tough Mudder, the world's leading obstacle events business. Sarah has extensive experience in corporate strategy, marketing and operations. Her career began with Bain & Company before working in strategy on a range of international projects for businesses and not-for-profit organisations. She was appointed to the board of Securities Trust of Scotland in October 2018.

Angus Gordon Lennox, senior independent director

Angus has an extensive knowledge of the investment industry with 24 years' experience in the City, working in a variety of positions including Head the Investment Companies Department, both as a Partner of Cazenove, and then as a Managing Director of JPMorgan Cazenove, with specific responsibility for the investment company department from whom he retired in 2010. Angus is also the Executive Chairman of two family businesses together with being Chairman of The Mercantile Investment Trust plc and a non-executive director of Aberforth Split Level Income Trust plc. He joined the board of Securities Trust of Scotland in November 2013.

John Evans, chairman of management engagement committee

John commenced his career at Ivory & Sime in 1979. In 1990, John was one of the founding partners of Aberforth Partners, a specialist investment management firm that invests in UK smaller quoted companies largely on behalf of institutional investors. John retired from Aberforth in 2011 and is currently a non-executive director of BMO UK High Income Trust plc and JP Morgan Mid Cap Investment Trust. He was appointed to the board in February 2016.

The directors present their report and the audited financial statements of the company for the year ended 31 March 2019.

Status

The company carries on business as an investment trust and its shares have a premium listing on the London Stock Exchange. The company has been approved by the HM Revenue & Customs as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. The company will continue to conduct its affairs in a manner which will enable it to retain this status. The company is domiciled in the UK and is an investment company within the meaning of section 833 of the Companies Act 2006. It is not a close company for taxation purposes. The company is a public company limited by shares.

Share capital

The company bought back 5,950,544 shares during the year to be held in treasury at a cost of £10,063,000. This represented 5.39% of the called up share capital and had a nominal value of £59,505. As at 31 March 2019 the issued share capital of the company was 104,496,248. A special resolution to renew the authority to repurchase shares will be put to shareholders for approval at the annual general meeting ('AGM'). The full text of the resolution is set out in the notice of meeting.

Shareholders analysis as at 31 March 2019	% of shareholders	% of equity capital
Individuals and trustees	77.7	11.0
Banks and nominee companies	20.3	69.4
Insurance & Investment companies	0.1	0.0
Other holders	1.9	19.6
	100.0	100.0

As at 31 March 2019 the company had received notification in accordance with the FCA's Disclosure and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attaching to the company's issued share capital:

As at 31 March 2019	% issued share capital
Speirs & Jeffrey	15.81
Charles Stanley	5.70
Smith & Williamson Holdings	5.15
WM Thomson	4.82
Brooks Macdonald	3.83
Hargreaves Lansdown	3.19
JM Finn	3.13

As at 20 June 2019 the company has not been notified of any changes to the above table. Approximately 13.1% of the company's share capital is held on behalf of clients through Alliance Trust Savings Nominees Limited.

As at 20 June 2019, the last practicable date prior to printing of this report, the company has 104,294,870 ordinary shares in issue (excluding treasury shares).

Corporate governance statement

The company's corporate governance statement is set out on pages 24 and 25 and forms part of this report of the directors.

Revenue and dividends

The net revenue return for the year after expenses, interest and taxation was £6,647,000 (2018: £6,367,000), equivalent to a return of 6.23p per share (2018: 5.69p). Interim dividends totalling 4.35p have been paid during the year. The directors recommend a fourth interim dividend of 1.90p per share to be paid on 26 July 2019 to holders on the register at the close of business on 5 July 2019, making a total for the year of 6.25p (2018: 6.10p). The revenue reserves as at 31 March 2019 are £2,108,000 and £1,985,000 of this will be used to fund the fourth interim dividend.

Regulatory

The European AIFM Directive

Under the AIFMD the company is required to appoint an external depositary and an external AIFM who is supervised by the Financial Conduct Authority. On 22 July 2014 the company appointed Martin Currie Fund Management Limited ('MCFM') as its AIFM, an associated company of Martin Currie Investment Management Limited. There has been no changes to the way the company's assets are invested as a result of AIFMD.

Voting policy and the UK Stewardship Code

The company has given discretionary voting powers to Martin Currie. With respect to voting on behalf of clients, Martin Currie's policy is to:

- vote at all general meetings of companies in which its clients are invested;
- vote in favour of proposals which Martin Currie expects to enhance shareholder value; on routine issues Martin Currie is generally supportive of management;
- vote against proposals which it believes may damage shareholders' rights or economic interests;
- abstain on proposals which it feels unable to support, but where Martin Currie believes that it could be against its clients' interests to oppose publicly;
- ensure in all situations that the economic interests of its clients are paramount; and

- vote consistently on behalf of all clients who are invested in the particular company.

The directors are aware that Martin Currie gives consideration to operational performance, corporate social responsibility and corporate governance issues, among many other factors, when investment decisions are taken. Martin Currie has gained the highest A+ rating from the United Nations Principles for Responsible Investment ('UNPRI') and is a tier 1 signatory of the FRC Stewardship Code.

The board has noted Martin Currie's adoption of the FRC Stewardship Code, and a copy of the policies and voting records can be found at www.martincurrie.com/corporate/about-us/governance-and-sustainability.

Martin Currie's 2019 Stewardship Annual Report is available at www.martincurrie.com.

Disclosure of information to the auditor

In the case of each of the persons who are directors of the company at the time when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act) of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditor is aware of that information.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are published on the www.securitiestrust.com website, which is maintained by the investment manager. The maintenance and integrity of the website maintained by Martin Currie is, so far as it relates to the company, the responsibility of Martin Currie.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
- the strategic report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

This responsibility statement was approved by the board of directors on 21 June 2019 and is signed on its behalf by:

Rachel Beagles
21 June 2019

Going concern status

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the chairman's statement, manager's review, strategic report and the report of the directors.

The financial position of the company as at 31 March 2019 is shown on the statement of financial position on page 37. The cash flows of the company are set out on page 39. Note 15 on pages 49 to 53 sets out the company's risk management policies, including those covering market price risk, liquidity risk and credit risk.

The company has a two year revolving credit facility for £10,000,000 which expires in September 2020, and a multi-currency seven year fixed facility, which expires in September 2023, in three tranches of £1,500,000, €4,500,000 and US$12,750,000, all of which were fully drawn down at the year-end date. 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.

In accordance with the Financial Reporting Council's guidance on going concern and liquidity risk issued in October 2009, the directors have undertaken a rigorous review of the company's ability to continue as a going concern. The company's assets consist of a diverse portfolio of listed equity shares which, in most circumstances, are realisable within a very short timescale. The directors are mindful of the principal risks and uncertainties disclosed on pages 13 and 14 and have reviewed revenue forecasts and they believe that the company has adequate financial resources to continue its operational existence for the foreseeable future, and at least one year from the date of this annual report. Accordingly, the directors continue to adopt the going concern basis in preparing these accounts.

Viability Statement

The company's business model is designed to achieve rising income and long-term capital growth through investment in a balanced portfolio constructed from global equities unconstrained by geography, sector, stock or market capitalisation. The business model is based on having no fixed or limited life provided global equity markets continue to operate normally. The board has assessed its viability over a three year period in accordance with provision C.2.2 of the 2016 UK Corporate Governance Code. The board considers that this reflects the minimum period which should be considered in the context of its long-term objective but one which is limited by the inherent and increasing uncertainties involved in assessment over a longer period.

In making this assessment the directors have considered the following risks to its ongoing viability:

- the principal risks and uncertainties and the mitigating actions set out on pages 13 and 14;
- the ongoing relevance of the company's investment objective in the current environment;
- the level of income forecast to be generated by the company and the liquidity of the company's portfolio; and
- the level of fixed costs and debt relative to its liquid assets. The expectation is that the current portfolio could be liquidated to the extent of 97% within 3 trading days.

Based on the results of their analysis and the company's processes for monitoring each of the factors set out above, the directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over at least the next three years.

Directors

The board currently consists of 5 non-executive directors. The names and biographies of the current directors are on page 16, indicating their range of experience as well as length of service.

As indicated in the Chairman's Statement on page 4, Ms Beagles will stand down as Chairman and retire from the board from the conclusion of the AGM on 17 September 2019.

Ms Harvey was appointed to the board on 1 October 2018, and, being eligible, offers herself for election at the first AGM following her appointment. Ms Harvey was appointed following a recruitment process in accordance with that outlined on page 23.

The other directors will retire at the AGM in September and Mr Evans, Mr Gordon Lennox and Mr Little will stand for re-election.

The board considers that there is a balance of skills and experience within the board relevant to the leadership and direction of the company and that all the directors contribute effectively.

Business Review

The investment manager

Martin Currie is an international equity specialist based in Edinburgh, managing money for a wide range of global clients. Its investment process is focused on selecting stocks through fundamental proprietary research and constructing well-balanced high conviction portfolios. The board closely monitors investment performance and the manager attends each board meeting to present a detailed update to the board. The board uses this opportunity to challenge the manager on any aspect of the portfolio's management.

Continued appointment of the investment manager

The board, through the work of the management engagement committee, conducts an annual performance appraisal of the investment manager against a number of criteria, including operational performance, investment performance and other contractual considerations.

At the recent appraisal carried out by the management engagement committee in March 2019, the committee considered the past investment performance of the company and the ability of the investment manager to produce satisfactory investment performance in the future. It also considered the management agreement and fees payable to the investment manager, together with the standard of other services provided, which include company secretarial, accounting and marketing services. Following this review, it is the directors' opinion that the continuing appointment of the investment manager on the terms agreed is in the best interests of shareholders as a whole.

AIFM and company secretary fee

Martin Currie is paid an AIFM and company secretary fee which is calculated quarterly at an annual rate of 0.6% of the company's net asset value up to £200 million and an annual rate of 0.4% of the company's net asset value above £200 million. The net asset value is defined as the NAV adjusted by adding back any borrowings of the company. Martin Currie earned an AIFM and company secretary fee during the financial year of £1,244,007 (2018: £1,328,321) of which £109,908 plus VAT (2018: £106,354 plus VAT) has been treated as a secretarial fee.

Assets invested in companies or funds that are managed by a member of the Martin Currie group are excluded when calculating the fee.

For the year end 31 March 2019 the management fee has been allocated 65% to capital and 35% to revenue. The allocation was based on the board's expected long-term split of returns in the form of capital gains and income.

Main features of the contractual arrangement with the investment manager

The AIFM and secretarial agreement can be terminated by either party on on six months' notice, or by the company immediately if Martin Currie ceases to be capable of managing investment trust business or to be authorised by the FCA, or becomes insolvent, is wound up or liquidated. In the event that the company terminates the AIFM and secretarial agreement otherwise than as set out above, Martin Currie is entitled to receive compensation equivalent to twice the amount of the quarterly fee payable to them immediately prior to the date of termination.

Further contractual arrangements essential to the business of the company

The operational infrastructure of the company has been outsourced to third party organisations. Contracts and service level agreements have been defined to ensure that the service provided by each of the third party organisations is of a sufficiently professional and of a technically high standard as required. The audit and management engagement committees review all third party service providers on a regular basis.

Board diversity

The nominations committee considers diversity, including the balance of skills, knowledge, gender, social and ethnic backgrounds, cognitive and personal strengths and experience, amongst other factors when reviewing the composition of the board. However, it does not consider that it is appropriate to establish targets or quotas in this regard. The board comprises five non-executive directors of whom two are women, thereby constituting 40% female representation. The company has no employees as its investments are managed by Martin Currie, the appointed investment manager.

Environmental matters and social/community issues

As an externally managed investment company with no employees, the company's greenhouse gas emissions are negligible. The company does not have explicit environmental, social or corporate governance (ESG) policies but encourages and actively oversees Martin Currie's application of its ESG policies in the investment processes. Martin Currie continues to have the highest possible (A+) rating from the PRI across all three categories (Strategy, Integration and Active Ownership). The board receives regular reports of both voting and other engagements by Martin Currie with the managements of companies in the portfolio. Details of Martin Currie's ESG related policies and activities can be found on its website at martincurrie.com.

The company complies with the principles of the FRC Stewardship Code. The company's compliance statement can be found on the company's website.

Annual general meeting

The AGM of the company will be held at 12.30pm on 17 September 2019, at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2ES.

Remuneration report – ordinary resolution

In accordance with the provisions of the Companies Act 2006 the directors' remuneration report will be put to an annual shareholder vote by ordinary resolution. The vote is advisory in nature and is in respect of the overall remuneration package which is in lace for directors of the company, and not specific to individual levels of remuneration.

Election and re-election of directors – ordinary resolutions

Biographical detail of the directors can be found on page 16 of the annual report and accounts. In accordance with the principles of good governance set out in the UK Corporate Governance Code all directors who will continue following the AGM will seek re-election. In proposing the election and re-election of the directors, the chairman has confirmed that, following the most recent board evaluation, each director continues to make an effective and valuable contribution to the board and demonstrates commitment to their role.

Dividend policy – ordinary resolution

As a result of the timing of the payment of the company's quarterly dividends in January, April, July and October, the company's shareholders are unable to approve a final dividend each year. As an alternative the board will put the company's dividend policy to Shareholders for approval on an annual basis.

Resolution 3, which is an ordinary resolution, relates to the approval of the company's dividend policy which is as follows: Dividends on the Ordinary shares are payable quarterly in January, April, July and October. The payment of dividends in accordance with this dividend policy is subject always to market conditions and the company's financial position and outlook.

Allotment of shares – ordinary resolution

Section 551 of the Companies Act 2006 provides that the directors may not allot new shares without shareholder approval. Resolution 10 seeks to renew the directors' authority to allot shares up to a maximum aggregate nominal amount of £347,650 (being an amount equal to one third of the issued share capital of the company (excluding treasury shares) as at 20 June 2019, being the last practicable date before the date of this document). The board intends to exercise this power only once the number of shares held by the company in treasury is not sufficient to support share issuance by the company. As at 20 June 2019, being the last practicable date prior to the publication of this document, the company held 18,004,278 ordinary shares in treasury, representing approximately 17.3% of the company's issued share capital (excluding treasury shares). The authority will expire on 30 September 2020 or, if earlier, at the AGM of the company to be held in 2020, unless previously cancelled or varied by the company in general meeting.

Disapplication of statutory pre-emption rights – special resolution

Resolution 11 proposes as a special resolution to continue the directors' authority under s570 and s573 of the Companies Act 2006 to allot shares for cash in certain circumstances otherwise than pro rata to all the shareholders up to an aggregate nominal amount of £52,147 (representing 5% of the company's issued share capital as at 20 June 2019, the latest practicable date before publication of the accounts) and to modify statutory pre-emption rights to deal with legal, regulatory or practical problems that may arise on a rights or other pre-emptive offer or issue. Any issue of shares would be made in accordance with the company's articles of association. This authority would enable the directors to issue shares for cash to take advantage of changes in market conditions that may arise in order to increase the amount of the company's issued share capital. The purpose of such an increase would be to improve the liquidity of the market in the company's shares and to spread the fixed costs of administering the company over a wider base.

For the purposes of this resolution, allotment of shares includes the sale of treasury shares. As at 20 June 2019, being the last practicable date prior to the publication of this document, the company held 18,004,278 ordinary shares in treasury, representing approximately 17.3% of the company's issued share capital (excluding treasury shares).

Purchase of own shares – special resolution

Each year the directors seek authority from shareholders to purchase the company's own shares. The directors recommend that shareholders renew this authority by passing resolution 12.

Any shares purchased pursuant to this authority may be automatically cancelled or held in treasury pursuant to the Companies (Acquisition of own shares) (Treasury shares) Regulations 2003. Resolution 12 specifies the maximum number of shares that may be acquired being 14.99% of the issued share capital as at 20 June 2019, being the last practicable date prior to the publication of this document, and the maximum and minimum prices at which they may be bought and, if passed, would lapse at the company's AGM in 2020.

The main effect of any share buybacks (whether for cancellation or to be held in treasury) will be to enhance the net asset value of the remaining ordinary shares, as the shares will only be acquired at a cost that is less than their net asset value. Purchases can provide liquidity for shareholders wishing to sell their ordinary shares and may have a beneficial effect on the discount to their net asset value at which the ordinary shares currently trade. The purpose of holding some shares in treasury is to allow the company to re-issue those shares quickly and cost-effectively, thus providing the company with greater flexibility in the management of its capital base. Whilst in treasury no dividends are payable on or voting rights attached to the shares.

Purchase by the company of its own shares will be funded either by using available cash resources, by selling investments in the portfolio or through borrowings. During the year ended 31 March 2019, the company bought back 5,950,544 ordinary shares to be held in treasury. As at 31 March 2019, the company holds 17,802,900 shares in treasury representing 14.56% of the issued share capital of the company. As at 20 June 2019 being the last practictable date before publication of the accounts, the company holds 18,004,278 shares in the treasury representing 17.3% of the issued share capital of the company (excluding treasury shares).

Recommendation

The directors believe all the resolutions proposed are in the best interests of the company and the shareholders as a whole and recommend all shareholders to vote in favour of all the resolutions.

The results of the votes on the resolutions at the AGM will be published on the company's website www.securitiestrust.com.

Rachel Beagles
Chairman

21 June 2019

Compliance

The board of the company has considered the principles and recommendations of the AIC Code of Corporate Governance ('AIC code') by reference to the AIC Corporate Governance Guidance for investment companies ('AIC guide'). The AIC code, as explained by the AIC guide, addresses all of the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the company.

The board considers that reporting against the principles and recommendations of the AIC code and by reference to the AIC guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

The company has complied with all of the recommendations of the AIC code and, except as set out below, the relevant provisions of the UK Corporate Governance Code:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC guide and as explained in the UK Corporate Governance Code, the board considers these provisions not relevant to the position of the company, being an externally managed investment company. The company has therefore not reported further in respect of these provisions.

The principles of the AIC code

The AIC code is made up of 21 principles and the company has complied with all applicable principles. Further details of the AIC principles and how the company complies with them can be found on the company's website at www.securitiestrust.com. The AIC published the 2019 AIC Code of Corporate Governance in February 2019, which applies to accounting periods beginning on or after 1 January 2019.

Directors' Independence, Tenure and Succession Planning

The board consists of five non-executive directors, each of whom is considered independent. Directors are initially appointed until the following general meeting when, under the company's articles of association, it is required that they be elected by shareholders. The board has decided that all directors will stand for annual re-election going forward in line with the UK Corporate Governance Code best practice.

The board does not believe that length of service in itself necessarily disqualifies a director from seeking re-election but, when making a recommendation, the board will take into account the ongoing requirements of the AIC Code, including the need to refresh the board and its committees.

As reported in the chairman's statement, Ms Beagles has indicated her intention to retire from the board following the AGM of the company on 17 September 2019 and will not be standing for re-election. As a result of the board's evaluation process the chairman confirms that all remaining directors continue to be effective and their election and re-election is recommended.

The board plans for its own succession with the assistance of the nominations committee. This process ordinarily involves the identification of the need for a new appointment, and the preparation of a brief including a description of the role and specification of the capabilities required. Following the retirement of Ms Beagles as chairman of the company, the nominations committee has recommended to the board that Mr John Evans become chairman of the board following the AGM on 17 September 2019.

The nominations committee seeks assistance in identifying suitable candidates by appointing an external recruitment firm. During the year the company engaged Nurole Ltd as its external recruitment firm as part of the recruitment of Sarah Harvey. Nurole Ltd does not have any other connections with the company. The nominations committee considers candidates from a wide range of backgrounds, having consideration for the diversity of the board as a whole, including but not limited to gender.

Induction & Training

The investment manager provides all directors with induction training on appointment, tailored to the needs of individual appointees. The induction programme includes one-to-one meetings with representatives of the investment manager. Regular briefings are provided on changes in regulatory requirements that affect the company and directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trusts. Board meetings regularly include agenda items on recent developments in governance and investment trust issues.

Directors' indemnity

The company provides a Deed of Indemnity to each director to the extent permitted by United Kingdom law whereby the company is able to indemnify such a director against any liability incurred in proceedings brought by the company against a director in which the director successfully defends. The company also has in place a Director and Officer Liability Insurance Policy that is renewed annually.

Evaluation

The board undertakes an evaluation annually. Board and committee evaluation questionnaires are drawn up by the company secretary, and completed by each director. The responses are collated and discussed. The chairman leads the evaluation of the board, committee and individual directors while the senior independent director leads the evaluation of the chairman's performance. The board has given consideration to appointing an external board evaluator, however, it does not believe it is necessary at this time.

The board also regularly reviews the performance of the investment manager. The management engagement committee meets to review the continuing appointment of the investment manager and reviews the terms of the investment management and secretarial agreement, to ensure that is remains competitive and in the best interest of shareholders. The management engagement committee reviews the continuing appointment of other key service providers.

Company secretary

The board has direct access to company secretarial advice and services of the investment manager which, through its nominated representative, is responsible for ensuring that board and committee procedures are followed, and that applicable regulations are complied with.

Conflicts of interest

The board has approved a policy of directors' conflicts of interest. Under this policy, directors are required to disclose all actual and potential conflicts of interest to the board as they arise for consideration and approval. The board may impose restrictions or refuse to authorise such conflicts if deemed appropriate.

Anti-Bribery

The board has a zero tolerance policy towards bribery and ensures that its service providers and associated persons have adequate anti-bribery policies and procedures in place which are high level, proportionate and risk based.

Relations with Shareholders

The company places great importance on communication with shareholders. It aims to provide shareholders with a full understanding of the company's activities and performance and reports formally to shareholders twice a year by way of the annual report and the half-yearly report. The net asset value of the company's shares is available daily through the London Stock Exchange and the company's monthly updates are available on the website. In addition the chairman meets major shareholders annually or as necessary without the manager present.

The board monitors the shareholder profile of the company at every board meeting. The board communicates directly with major shareholders when reviewing marketing and strategy initiatives. All shareholders have the opportunity, and are encouraged, to attend the company's AGM at which the directors and representatives of the investment manager are available to meet shareholders and answer questions. The manager also presents a review of the company's performance and invites questions from shareholders.

The investment manager provides a dedicated client services team which maintains regular contact with the company's shareholders and reports regularly to the board. Shareholders can also contact the directors throughout the year, through the company secretary.

Corporate Governance Statement

Board committees

Management engagement committee

The management engagement committee's responsibilities include:

- reviewing the continuing appointment of the investment manager;
- reviewing the performance of the investment manager in terms of investment performance and the company secretarial, marketing and administration services provided;
- reviewing the terms of the investment management and secretarial agreement, to ensure that it remains competitive and in the best interests of shareholders; and
- reviewing the performance of other service providers to the company including the depositary, registrar and broker.

The management engagement committee met once during the year.

Composition – All directors and chaired by John Evans.

Nominations committee

The nominations committee's responsibilities include:

- assessing the skills, knowledge, experience and diversity required on the board and the extent to which each are represented;
- establishing processes for the review of the performance of the board committees and the board as a whole;
- establishing processes for the identification of suitable candidates for appointment to the board;
- overseeing succession planning for the board;
- reviewing the performance of each director during the period in which they have been a member of the board and considering the recommendation to shareholders to approve their re-appointment; and
- to consider the directors' remuneration policy and approve any changes to directors' remuneration arising as a result of such policy.

The nominations committee met three times during the year.

Composition – All directors and chaired by Angus Gordon Lennox.

Marketing and communications committee

The marketing and communications committee's responsibilities include:

- considering the marketing strategy for the company;
- reviewing the company's communications with its shareholders;
- reviewing the company's marketing budget; and
- reviewing the design and contents of the company's financial statements.

The marketing and communications committee met twice during the year.

Composition – All directors and chaired by Sarah Harvey.

Audit committee

The audit committee's responsibilities include:

- monitoring and reviewing the integrity of financial statements and considering in particular that, taken as a whole, they are fair, balanced and understandable;
- review of the internal control framework;
- making recommendations to the board in relation to the appointment, evaluation or dismissal of the external auditor, its remuneration, terms of its engagement and reviewing its independence, objectivity, effectiveness, and overall effectiveness of the audit process;
- reviewing the external auditor's audit plan and year end report;
- developing and implementing the policy on the engagement of the external auditor to supply non-audit services; and
- reporting to the board, identifying any matter in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.

The audit committee met three times during the year.

Composition – All directors and chaired by Mark Little.

Directors' meetings

The following table shows the number of formal board and board committee meetings held during the year and the number attended by each director or committee member. In addition to the formal board meetings, there were several additional meetings of the board and a strategy meeting held during the financial year.

	Formal board meetings (5 meetings)	Management engagement committee (1 meeting)	Audit committee (3 meetings)	Nominations committee (3 meetings)	Marketing and communications committee (2 meeting)
Rachel Beagles	5	1	3	3	2
John Evans	5	1	3	3	2
Angus Gordon Lennox	5	1	3	3	2
Sarah Harvey*	2	1	2	1	1
Mark Little	5	1	3	3	2

*Appointed on 1 October 2018.

Internal control

The AIC Code and the Disclosure and Transparency Rules require directors, at least annually, to review the effectiveness of the company's system of internal control and include a description of the main features relating to the financial reporting process.

Since investment management and all administrative services are provided to the company by Martin Currie, the company's system of internal control mainly comprises monitoring the services provided by Martin Currie, including the operating controls established by them, to ensure that they meet the company's business objectives. The company does not have an internal audit function of its own, but relies on the risk and compliance department of Martin Currie. This arrangement is kept under review. Martin Currie also carries out a review of the custodial and administration activities carried out by State Street.

The board, either directly or through committees, reviews the effectiveness of the company's system of internal control by monitoring the operation of the key controls of Martin Currie and:

- reviews an internal control report as provided to the board twice yearly by the investment manager. This report details significant risks, regulatory issues, error management and complaint handling;
- reviews the terms of the management agreement;
- reviews reports on the internal controls and the operations of the investment manager and of the custodian; and
- reviews the risk profile of the company and considers investment risk at every board meeting.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the company including the principal risks as outlined on pages 13 and 14. This process accords with the FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

During the course of its review of internal controls, the board has not identified or been advised of any failings or weaknesses which it has determined to be significant, and is satisfied with the arrangements.

Internal control and risk management systems in relation to the financial reporting process

The directors are responsible for the company's system of internal control, designed to safeguard the company's assets, maintain proper accounting records and ensure that financial information used within the business, or published, is reliable.

Martin Currie has in place stringent controls that monitor the following activities within the financial reporting process:

- investment and related cash transactions are completely and accurately recorded and settled in a timely manner;
- corporate actions and proxy voting instructions are identified and generated respectively, and then processed and recorded accurately and in a timely manner;
- investment income is accurately recorded in the proper period;
- investments are valued using current prices obtained from independent external pricing sources;
- cash and securities positions are completely and accurately recorded and reconciled to third party data; and
- investment management fees are accurately calculated and recorded.

The system of internal control can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can provide only reasonable, but not absolute, assurance against fraud, material mis-statement or loss.

By the means of the procedures set out above, the board confirms that it has reviewed the effectiveness of the company's systems of internal control for the year ended 31 March 2019, and to the date of approval of this annual report.

Rachel Beagles
Chairman
21 June 2019

Remuneration statement

The board has prepared this report in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. An ordinary resolution to approve this report will be put to the members at the AGM.

Company law requires the company's auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in their report on pages 30 to 35.

AIFM Remuneration Policy

Under AIFMD, MCFM is required to adopt a remuneration policy that complies with the FCA's AIFM Remuneration Code.

The Martin Currie Group Remuneration and Reward Policy was signed off by the Remuneration Committee of Martin Currie (Holdings) Ltd and is confirmed as AIFMD compliant. This policy applies to the whole group of Martin Currie companies including MCFM.

Directors' remuneration policy

As the board is composed wholly of non-executive directors, the nominations committee considers directors' remuneration in addition to its nominations function.

The board's policy is that the remuneration of non-executive directors should reflect the experience of the board as a whole, be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure (ordinary shares and borrowings), and have similar investment objectives (principally global growth and income). It is intended that this policy will continue for the year ending 31 March 2020 and subsequent periods. The fees for the non-executive directors are determined within the limits set out in the company's articles of association. Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in connection with the performance of their duties. The company pays any UK tax and National Insurance due on the reimbursed expenses. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors do not have a service contract but are provided with letters of appointment.

All directors are appointed for an initial term covering the period from the date of appointment until the first AGM at which they are required to stand for election in accordance with the company's articles of association. Thereafter the directors have chosen to be re-elected annually. There is no notice period and no provision for compensation upon early termination of appointment. The directors' remuneration policy will be put to shareholders' at least once every three years and was last approved by shareholders at the AGM in 2017.

Annual report on remuneration

The nominations committee considered the directors' fees in the context of the benchmark data from its peer group. To reflect the increasing regulatory and compliance requirements on the board, with effect from 1 April 2019, it was agreed the directors' fee would increase to £24,500 per annum (2018/2019: £24,000), the chairman of the audit committee's fee would increase to £29,500 per annum (2018/2019: £29,000) and the chairman's fee would increase to £38,000 (2018/2019: £37,500).

Directors' shareholdings (audited)

As at 31 March	**2019**	2018
Rachel Beagles	**30,000**	30,000
John Evans	**50,000**	50,000
Angus Gordon Lennox	**100,000**	100,000
Sarah Harvey*	**0**	n/a
Mark Little	**16,213**	10,562

*Appointed on 1 October 2018.

As at 20 June 2019 there have been no changes to the above table.

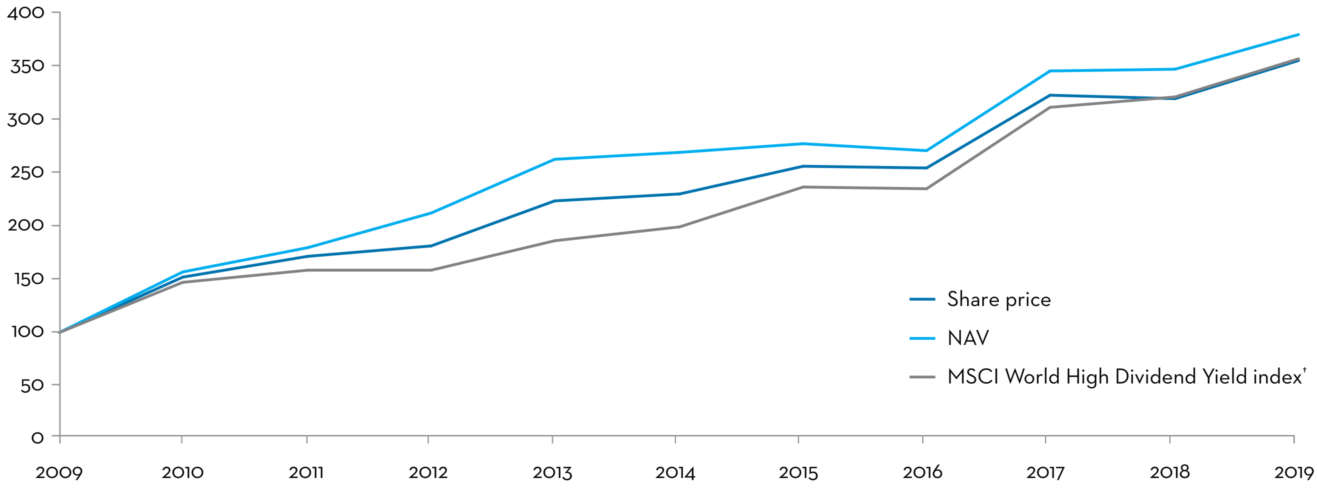
Approval

An ordinary resolution for the approval of the directors' annual report on remuneration will be put to shareholders at the AGM.

At the annual general meeting on 19 September 2018, the shareholders voted in favour of the directors' remuneration report for the year ended 31 March 2018. Of the proxy votes received, 99.34% of votes were cast in favour of the directors' remuneration report (130,884 proxy votes were cast against the report and 25,296 proxy votes were withheld).

At the AGM on 21 July 2017 99.71% of the proxy votes were cast in favour if the directors' remuneration policy (37,625 proxy votes were cast against the policy and 40,612 proxy votes were withheld).

Total return (% change over 10 years)



Past performance is not a guide to future returns.

Source: Martin Currie Investment Management Limited.

†The MSCI World High Dividend Yield is used as a proxy for the market.

Directors' emoluments for the year (audited)

	2018/2019 £	2017/2018 £
Rachel Beagles (chairman of the board)	**37,500**	37,500
Mark Little (chairman of the audit committee)	**29,000**	28,500
John Evans	**24,000**	23,500
Angus Gordon Lennox	**24,000**	23,500
Sarah Harvey*	**12,000**	–
Andrew Irvine**	**–**	7,231
	126,500	120,231

*Appointed on 1 October 2018. **Retired on 21 July 2017.

Relative importance of spend on directors' remuneration

To enable shareholders to assess the relative importance of spend on remuneration, the directors' total remuneration has been shown in a table below compared with the company's dividend distributions.

	2018/2019 £000's	2017/2018 £000's	Change £000's
Directors' total remuneration	**127**	120	7
Dividends paid and payable	**6,551**	6,786	(235)

On behalf of the board

Rachel Beagles
Chairman
21 June 2019

Audit committee report

To discharge its duties, the audit committee met three times during the year. A list of the responsibilities of the committee is set out on page 24. Following a tender process, Ernst & Young were appointed as auditors with effect from the conclusion of the AGM in September 2018.

At the conclusion of the audit, Ernst & Young LLP ('EY') did not highlight any issues to the audit committee which would cause it to modify its audit report, which is included on pages 30 to 35.

The audit committee takes account of the most significant issues and risks, both operational and financial, likely to impact the company's financial statements.

The following significant issues were considered by the audit committee in relation to the financial statements:

Matter	Action
Accuracy of portfolio valuation	All listed investments are valued at bid prices provided by third party service providers in accordance with the price source agreement in place. The investment manager reviews and summarises the SOC 1 report, prepared annually by State Street covering Global Fund Accounting and Custody and the audit committee reviews this summarised report annually.
Ownership of investments	The audit committee reviews a summary of the SOC 1 report on State Street, prepared by the investment manager, on key controls over the assets of the company. Any significant issues are reported by the investment manager to the audit committee. The investment manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the company's assets.
Strength of processes and internal controls at outsourced providers	The investment administration function is outsourced by Martin Currie to State Street. Custodial services are provided to the company by State Street as appointed by the depositary. The directors, having carried out due diligence at the time of appointment and subsequently with State Street are satisfied that State Street are acceptable providers. The audit committee receive regular reports from Martin Currie on the effectiveness of these arrangements. Martin Currie has reviewed and checked State Street's processes, procedures and internal controls. The audit committee also reviews the summary of the SOC 1 report on State Street and the ISAE 3402 Report on internal controls for investment management operations report on Martin Currie Limited annually.
Mis-statement of revenue returns	The board reviews income forecasts (including special dividends) and receives explanations from the investment manager for any variations or significant movements from previous forecasts and prior year figures. The allocation of expenses is reviewed by the audit committee annually taking into account the long-term split of returns from the portfolio, both historic and projected and the objectives of the company. The management fee is calculated in accordance with the contractual terms in the investment management agreement by State Street and is reviewed in detail by the investment manager and is also subject to analytical review by the board.

Auditor's independence

The company has in place a policy governing and controlling the provision of non-audit services by the external auditor, so as to safeguard its independence and objectivity. This is achieved by prohibiting non-audit work where independence may be compromised or conflicts arise. Any non-audit work requires specific approval of the audit committee in each case.

The audit fees amount to £18,500 plus VAT for the year ended 31 March 2019 (2018: paid to Deloitte: £18,000 plus VAT). Non-audit fees amounted to £1,500 plus VAT for the year ended 31 March 2019 (2018: paid to Deloitte: £1,500 plus VAT).

The non-audit fees payable during the year ended 31 March 2018 related to Deloitte LLP providing tax advise on the treatment of directors expenses. The non-audit services for the year end 31 March 2019 relate to the assessment of 'ready to tag' accounts and design process for iXBRL purposes. Following review, the audit committee is satisfied that the company's auditor, Ernst & Young LLP, remains independent.

Auditors rotation

A competitive tender for the audit of the company was held in January 2018, following which Ernst & Young LLP were appointed as the company's auditor with effect from the conclusion of the 2018 AGM.

A resolution to re-appoint Ernst & Young LLP as company auditors will be proposed at the AGM.

Under EU rotation guidance, the company's audit engagement partner will rotate every five years.

Conclusions in respect of the annual report

The production and audit of the company's annual report is a comprehensive process which requires input from a number of different contributors. One of the key governance requirements of the company's annual report is that it is fair, balanced and understandable. The board has requested that the audit committee confirm whether it considers that the annual report, when taken as a whole, fulfils this requirement. The board is satisfied that the annual report is fair, balanced and understandable after debating the following matters considered by the audit committee:

- the comprehensive reviews that are undertaken at different levels in the production process of the annual report by the investment manager, third party service providers and the audit committee that aim to ensure consistency and overall balance; and
- the controls that are in place at the investment manager and third party service providers ensure the completeness and accuracy of the company's financial records and the security of the company's assets.

Effectiveness of the external audit process

The audit and risk committee evaluated the effectiveness of the external auditor and the external audit they undertook. This evaluation involved an assessment of the effectiveness of the auditor's performance against criteria including qualification, expertise and resources, independence and effectiveness of the audit process. Having reviewed the performance of the external auditor as described above, the audit and risk committee is satisfied with the external audit process undertaken in relation to this annual report and its financial statements.

Mark Little

Chairman of the audit committee

21 June 2019

Independent auditor's report to the members of Securities Trust of Scotland plc

Opinion

We have audited the financial statements of Securities Trust of Scotland plc (the 'company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flow and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 13 and 14 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 13 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 19 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 19 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition including classification of special dividends and option premiums as revenue or capital items in the Statement of Comprehensive Income • Risk of incorrect valuation and defective title to the investment portfolio
Materiality	• Overall materiality of £1.91m which represents 1% of shareholders' funds.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition, including classification of special dividends and option premiums as revenue or capital items in the Statement of Comprehensive Income (per the Audit Committee report set out on page 28 and the accounting policy set out on page 40). The income received for the year to 31 March 2019 was £8.54m (2018: £8.34m), consisting primarily of dividend income from listed investments and option premiums. The income receivable by the company during the year directly affects the company's revenue return. There is a risk of incomplete or inaccurate recognition of income through the failure to recognise proper income entitlements or applying appropriate accounting treatment. In addition to the above, the Directors are required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'. All premiums received on written options are classified as 'revenue' in line with the company's accounting policy.	**We have performed the following procedures:** We obtained an understanding of the Manager's and Administrator's processes and controls surrounding revenue recognition and allocation of special dividends and option premiums by reviewing their internal controls report and performing our walkthrough procedures to evaluate the design and implementation of controls. We have agreed 100% of dividends received from the income report to the corresponding announcement made by the investee company. We recalculated the dividend amount receivable using exchange rates obtained from an independent data vendor and confirmed that the cash received as shown on bank statements was consistent with the recalculated amount. We agreed 100% of investee company dividend announcements from an independent data vendor to the income recorded by the company to test completeness of the income recorded. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 31 March 2019. We agreed the dividend rate to corresponding announcements made by the investee company. We recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year end bank statements, where paid. We recalculated 100% of option premiums received with reference to trade tickets and confirmed that the cash received as shown on the bank statements was consistent with the recalculated amount. We reviewed the income report and the acquisition and disposal report produced by the Administrator to identify special dividends received or accrued during the year. The company received 2 special dividends, amounting to £0.09m. We reviewed the underlying circumstances and motives for 100% of the special dividends received to verify the classification of the special dividends as revenue. We verified that the premiums received on written options have been correctly classified as revenue in line with the company's accounting policy and consistent with its primary purpose behind writing options.	**The results of our procedures are:** We have no issues to communicate with respect to our procedures performed over the risk of incomplete or inaccurate revenue recognition, including classification of special dividends and option premiums as revenue or capital items in the Statement of Comprehensive Income.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation and defective title to the investment portfolio (per the Audit Committee report set out on page 28 and the accounting policy set out on page 40). The valuation of the investment portfolio at 31 March 2019 was £212.68m (2018: £206.67m) consisting of listed investments and written options. The valuation of the assets held in the investment portfolio is the key driver of the company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the investments held by the company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is determined by reference to stock exchange quoted market bid prices at the close of business on the year-end date. The fair value of written options is initially based on the bid/offer prices of the options written to which the company is exposed and subsequently marked-to-market to reflect the fair value of the option based on traded prices.	**We performed the following procedures:** We obtained an understanding of the Administrator's processes and controls surrounding investment valuation and legal title. For all listed investments, we compared the market values and exchange rates applied to an independent pricing vendor. There were no written options as at 31 March 2019. We reviewed the price exception and stale pricing reports produced by the Administrator to highlight and investigate any unexpected price movements in investments held as at the year-end. We agreed the company's investments to the independent confirmation received from the company's Custodian and Depositary as at 31 March 2019.	**The results of our procedures are:** We have no issues to communicate with respect to our procedures performed over the risk of incorrect valuation and defective title to the investment portfolio.

There have been no changes to the areas of key focus raised in the above risk table from our planning report.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £1.91m which is 1% of shareholders' funds. We believe that equity shareholders' funds provides us with materiality aligned to the key measurement of the company's performance. In the prior year audit, Deloitte LLP adopted a materiality of £1.88m which represented 1% of net assets.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely £1.43m. In the prior year audit, Deloitte LLP did not disclose the level of performance materiality within their auditor's report.

Given the importance of the distinction between revenue and capital for the company, we have also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £0.37m being 5% of the net revenue return on ordinary activities before taxation. In the prior year audit, Deloitte LLP did not adopt a separate testing threshold for the revenue column of the Statement of Comprehensive Income.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.10m which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. In the prior year audit, Deloitte LLP adopted a reporting threshold of £0.04m, which represented 2% of planning materiality.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 18** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit committee reporting set out on pages 28 and 29** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 22** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 102, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code and Section 1158 of the Corporation Tax Act 2010.

- We understood how the company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the company's documented policies and procedures
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the company.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation of the Audit Committee, we were appointed by the company at the annual general meeting on 19 September 2018 to audit the financial statements of the company for the year ending 31 March 2019 and subsequent financial periods.

  The period of uninterrupted engagements is 1 year, covering periods from our appointment through to the period ended 31 March 2019.
- Non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sue Dawe

(Senior statutory auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
Edinburgh

21 June 2019

Notes:

1. The maintenance and integrity of the Securities Trust of Scotland plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

		Year to 31 March 2019			Year to 31 March 2018		
	Note	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Net gains/(losses) on investments	8	–	15,195	15,195	–	(8,277)	(8,277)
Net currency (losses)/gains		(14)	(565)	(579)	(46)	906	860
Income	3	8,539	–	8,539	8,339	–	8,339
Investment management fee		(397)	(737)	(1,134)	(428)	(794)	(1,222)
Other expenses	4	(614)	–	(614)	(618)	–	(618)
Net return before finance costs and taxation		7,514	13,893	21,407	7,247	(8,165)	(918)
Finance costs	5	(196)	(355)	(551)	(187)	(314)	(501)
Net return on ordinary activities before taxation		7,318	13,538	20,856	7,060	(8,479)	(1,419)
Taxation on ordinary activities	7	(671)	–	(671)	(693)	–	(693)
Net return attributable to ordinary redeemable shareholders		6,647	13,538	20,185	6,367	(8,479)	(2,112)
Net return per ordinary redeemable share (basic and diluted)	2	6.23p	12.70p	18.93p	5.69p	(7.58p)	(1.89p)

The total columns of this statement are the profit and loss accounts of the company.

The revenue and capital items are presented in accordance with the Association of Investment Companies (AIC) Statement of Recommended Practice (SORP 2014).

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the year.

The notes on pages 40 to 55 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

		As at 31 March 2019		As at 31 March 2018	
	Note	£000	£000	£000	£000
Fixed assets					
Investments at fair value through profit or loss*	8		212,678		207,148
Current assets					
Trade and other receivables**	9	880		2,237	
Cash and cash equivalents**		5,084		5,529	
		5,964		7,766	
Current liabilities					
Derivative financial liabilities held at fair value through profit or loss*		–		(475)	
Trade payables - amounts falling due within one year	10	(10,521)		(10,519)	
Dividend payable	6	(1,515)		(1,602)	
Total current liabilities		(12,036)		(12,596)	
Net current liabilities			(6,072)		(4,830)
Total assets less current liabilities			206,606		202,318
Trade payables – amounts falling due after more than one year	11		(15,162)		(14,534)
Net assets			191,444		187,784
Capital and reserves					
Called up ordinary share capital	12		1,223		1,223
Capital redemption reserve			78		78
Share premium reserve			30,040		30,040
Special distributable reserve***			82,709		92,772
Capital reserve***	12		75,286		62,041
Revenue reserve***			2,108		1,630
Total shareholders' funds			191,444		187,784
Net asset value per ordinary redeemable share	2		183.21p		170.02p

*Prior year balance has been restated to show the derivative liabilities as a current liability.

**Prior year balance has been restated to include UBS collateral in the trade and other receivables.

***These reserves are distributable.

The company is registered in Scotland no.283272.

The notes on pages 40 to 55 form part of these financial statements.

The financial statements were approved by the board and signed on its behalf by

Rachel Beagles
Chairman
21 June 2019

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019	Note	Called up ordinary share capital £000	Capital redemption reserve £000	Share premium reserve £000	Special distributable reserve* £000	Capital reserve* £000	Revenue reserve* £000	Total £000
As at 31 March 2018		1,223	78	30,040	92,772	62,041	1,630	187,784
Net return attributable to shareholders**	2	–	–	–	–	13,538	6,647	20,185
Ordinary shares bought back during the year	12	–	–	–	(10,063)	–	–	(10,063)
Dividends paid from revenue	6	–	–	–	–	–	(6,169)	(6,169)
Dividends paid from capital	6	–	–	–	–	(293)	–	(293)
Balance at 31 March 2019		**1,223**	**78**	**30,040**	**82,709**	**75,286**	**2,108**	**191,444**

For the year ended 31 March 2018	Note	Called up ordinary share capital £000	Capital redemption reserve £000	Share premium reserve £000	Special distributable reserve* £000	Capital reserve* £000	Revenue reserve* £000	Total £000
As at 31 March 2017		1,223	78	30,040	95,692	70,520	1,910	199,463
Net return attributable to shareholders**	2	–	–	–	–	(8,479)	6,367	(2,112)
Ordinary shares bought back during the year	12	–	–	–	(2,920)	–	–	(2,920)
Dividends paid	6	–	–	–	–	–	(6,647)	(6,647)
Balance at 31 March 2018		1,223	78	30,040	92,772	62,041	1,630	187,784

*These reserves are distributable.

**The company does not have any other income or expenses that are not included in the 'Net return attributable to ordinary redeemable shareholders' as disclosed in the Statement of Comprehensive Income on page 36, and therefore this is also the 'Total comprehensive income' for the year.

The notes on pages 40 to 55 form part of these financial statements.

STATEMENT OF CASH FLOW

	Note	Year ended 31 March 2019 £000	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000	Year ended 31 March 2018 £000
Cash flows from operating activities					
Profit/(loss) before tax			**20,856**		(1,419)
Adjustments for:					
(Gains)/losses on investments	8	**(15,195)**		8,277	
Capital distribution received*		**–**		27	
Finance costs	5	**551**		501	
Exchange movement on bank borrowings	13	**628**		(1,011)	
Purchases of investments**	8	**(78,397)**		(93,620)	
Sales of investments**	8	**87,587**		98,452	
Dividend income	3	**(7,836)**		(7,418)	
Other income	3	**(3)**		–	
Stock lending income	3	**(31)**		(35)	
Premium income – written options	3	**(669)**		(886)	
Dividends received		**7,608**		7,335	
Other income received		**3**		–	
Stock lending income received		**33**		100	
Premium income received – written options	3	**669**		886	
Decrease in receivables		**1,583**		571	
Increase/(decrease) in payables		**33**		(30)	
Overseas withholding tax suffered	7	**(671)**		(693)	
			(4,107)		12,456
Net cash flows from operating activities******			**16,749**		11,037
Cash flows from financing activities					
Repurchase of ordinary share capital		**(10,094)**		(2,871)	
Equity dividends paid from revenue		**(6,256)**		(5,045)	
Equity dividends paid from capital		**(293)**		–	
Interest paid on borrowings		**(551)**		(503)	
Net cash flows from financing activities******			**(17,194)**		(8,419)
Net (decrease)/increase in cash and cash equivalents			**(445)**		2,618
Cash and cash equivalents at the start of the year***			**5,529**		2,911
Cash and cash equivalents at the end of the period/year***			**5,084**		5,529

*This relates to the proceeds for the capital dividend from Singapore Communications.
**Receipts from the sale of, and payments to acquire, investment securities have been classified as components of cash flows from operating activities because they form part of the fund's dealing operations.
***Prior year balance has been restated to exclude UBS collateral which was moved to trade and other receivables.
****Prior year figures have been restated as a result of moving the exchange movement on bank borrowings from cash flows from financing activities to an adjustment to cash flow from operating activities.

The notes on pages 40 to 55 form part of these financial statements.

Note 1: Accounting policies

(a) For the year ended 31 March 2019, the company is applying Financial Reporting Standard 102 ('FRS 102') applicable in the UK and Republic of Ireland, which forms part of the Generally Accepted Accounting Practice ('UK GAAP') issued by the Financial Reporting Council ('FRC') in 2015.

These financial statements have been prepared on a going concern basis in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, FRS102 issued by the FRC in September 2015 and the revised Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP') issued by the AIC in November 2014 and updated in January 2017 and February 2018.

Statement of estimation uncertainty – in the application of the company's accounting policies, the board is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not always readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may vary from these estimates. There have been no significant judgements, estimates or assumptions for the year.

Functional currency – the company is required to nominate a functional currency, being the currency in which the company predominately operates. The board has determined that sterling is the company's functional currency, which is also the currency in which these financial statements are prepared. This is also the currency in which all expenses and dividends are paid in.

(b) Income from equity investments is determined on the date on which the investments are quoted ex-dividend, or where no ex-dividend date is quoted, when the company's right to receive payment is established. Income from fixed interest securities is recognised on an effective yield basis. UK dividends received are accounted for at the amount receivable and are not grossed up for any tax credit. Other income includes any taxes deducted at source. Gains and losses arising from the translation of income denominated in foreign currencies are recognised in the revenue reserve. Scrip dividends are treated as unfranked investment income; any excess in value of shares received over the amount of the cash dividend is recognised in capital reserve. Income from underwriting commission and traded options are recognised as earned.

(c) Interest receivable and payable and management expenses are treated on an accruals basis.

(d) The management fee and interest costs are allocated 65% to capital and 35% to revenue in accordance with the board's expected long-term split of returns in the form of capital gains and income, respectively. All other expenses are wholly allocated to revenue.

(e) Gains and losses on the realisation of investments and changes in the fair value of investments which are readily convertible to cash, without accepting adverse terms, together with exchange adjustments to overseas currencies are taken to capital reserve.

(f) Acquisitions in foreign currencies are recorded in the operational currency of the company at the prevailing exchange rate on the date of the transaction and re-translated at the rates of exchange ruling on the date of the statement of financial position. Investments are recognised initially as at the trade date of a transaction. Subsequent to this, the disposal of an investment is accounted for once again as at the trade date of a transaction.

(g) Revenue received and interest paid in foreign currencies are translated at the rates of exchange on the transaction date. Any exchange differences between the recognition and settlement both for revenue transactions are recognised as revenue in the statement of comprehensive income.

(h) The company's investments are classified as 'financial assets at fair value through profit or loss' and are valued at fair value. For listed investments this is deemed to be bid market prices. Gains and losses arising from changes in fair value are included in the capital return for the year.

(i) All financial assets and liabilities are recognised in the financial statements at fair value, with loans/debt valued at amortised cost.

(j) Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more or a right to pay less tax in future have occurred at the statement of financial position date measured on an undiscounted basis and based on enacted tax rates. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying temporary differences can be deducted. Timing differences are differences arising between the company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods. Due to the company's status as an investment trust company, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(k) Transaction costs incurred on the purchase and disposal of investments are recognised as a capital item in the statement of comprehensive income.

(l) The cost of share buybacks include the amount of consideration paid, including directly attributable costs and are deducted from the special distributable reserve until the shares are cancelled.

(m) The company uses derivative financial instruments to manage the risk associated with foreign currency fluctuations arising on dividends received in currencies other than sterling. This is achieved by the use of forward foreign currency contracts. The company does not hold or issue derivative financial instruments for speculative purposes. Derivative financial instruments are recognised initially at fair value on the contract date and subsequently re-measured to the fair value at each reporting date. The resulting gain or loss is recognised as revenue or capital in the statement of comprehensive income depending on the nature and motive of each derivative transaction.

During the year ending 31 March 2017 the company commenced the writing of options, continuing through to the year ending 31 March 2019. These derivatives are held at fair value based on the bid/offer prices of the options written to which the company is exposed. The value of the option is subsequently marked-to-market to reflect the fair value of the option based on traded prices. The primary purpose behind the writing of options is to receive the premium, thus any premium received is considered to be revenue in nature and presented under revenue in the statement of comprehensive income. When an option is closed out or exercised, the gain or loss is accounted for as a capital gain or loss.

(n) Stock lending income is received net of associated costs and recognised in revenue as earned.

(o) Nature of distributable reserve accounts

Capital reserve

Gains and losses on realisations of fixed asset investments, and transactions costs, together with appropriate exchange differences, are dealt with in this reserve.

Increases and decreases in the valuation of fixed asset investments are also dealt with in this reserve along with payment of capital dividend. Also taken to this reserve are 65% of the management fees as detailed in note (d).

Revenue reserve

Net revenue profits and losses of the company and the fair value costs of share based payments which are revenue in nature are recorded within this reserve, together with the dividend payment made by the company. The remaining 35% of the management fees are taken to this reserve.

Special distributable reserve

Records transactions of which are capital in nature - shares bought back into treasury and the related stamp duty incurred.

Note 2: Returns and net asset value

	Year to 31 March 2019	Year to 31 March 2018
Revenue return		
Revenue return attributable to ordinary redeemable shareholders	**£6,647,000**	£6,367,000
Weighted average number of shares in issue during the year	**106,621,950**	111,910,413
Revenue return per ordinary redeemable share (basic and diluted)	**6.23p**	5.69p
Capital return		
Capital return attributable to ordinary redeemable shareholders	**£13,538,000**	(£8,479,000)
Weighted average number of shares in issue during the year	**106,621,950**	111,910,413
Capital return per ordinary redeemable share (basic and diluted)	**12.70p**	(7.58p)
Total return		
Total return per ordinary redeemable share (basic and diluted)	**18.93p**	(1.89p)
Net asset value per share		
Net assets attributable to shareholders	**£191,444,000**	£187,784,000
Number of shares in issue at year end	**104,496,248**	110,446,792
Net asset value per share	**183.21p**	170.02p

Total return

The total return per share for the company is the combined effect of the rise and fall in the share price or NAV together with the reinvestment of the quarterly dividends paid.

The tables below provide the NAVs and share prices of the company on the dividend reinvestment dates for the year ended 31 March 2018 and 31 March 2019.

2019	Dividend rate	NAV	Share price
31 March 2018	n/a	170.02	160.50
5 July 2018	1.75	180.61	168.00
4 October 2018	1.45	183.95	170.00
27 December 2018	1.45	162.84	151.00
28 March 2019	1.45	181.37	169.00
31 March 2019	n/a	183.21	169.50
Total return		**11.4%**	**9.6%**

2018			
31 March 2017	n/a	177.83	166.00
15 June 2017	1.60	181.72	170.13
24 August 2017	1.45	181.51	169.50
23 November 2017	1.45	183.58	171.25
29 March 2018	1.45	170.22	160.50
31 March 2018	n/a	170.02	160.50
Total return		(1.1%)	0.2%

Note 3: Revenue

	Year to 31 March 2019 £000	Year to 31 March 2018 £000
From listed investments		
UK – equities	**1,716**	1,347
Overseas – equities	**6,120**	6,071
	7,836	7,418
Other revenue		
Premium - written options	**669**	886
Stock lending	**31**	35
Other Income	**3**	–
	8,539	8,339

During the year ended 31 March 2019, the company received no special dividends treated as capital (2018: £27,200).

Note 4: Other expenses

	Year to 31 March 2019 £000	Year to 31 March 2018 £000
Bank charges and custody fees	**25**	24
Depositary fees	**49**	45
Directors' fees	**127**	120
Employers' national insurance contributions	**12**	12
Legal fees	**7**	8
Printing and postage	**19**	13
Registrar's fees	**58**	55
Secretarial fee	**132**	106
VAT†	**(27)**	31
Other	**188**	184
Total	**590**	598
Auditors' remuneration*:		
– audit services	**22**	18
– non-audit services	**2**	2
	614	618

For the year ending 31 March 2019 the accounting methodology for expenses changed and they are now being accounted for on a gross basis. In the prior year expenses were accounted for on a net basis.

*The audit fees for 2019 are payable to Ernst & Young LLP (2018: Deloitte LLP). The non-audit fees fees amounted to £1,500 plus VAT for the year ended 31 March 2019 (2018: paid to Deloitte: £1,500 plus VAT). The non-audit fees payable during the year ended 31 March 2018 related to Deloitte LLP providing tax advise on the treatment of directors expenses. The non-audit services for the year end 31 March 2019 relate to the assessment of 'ready to tag' accounts and design process for iXBRL purposes.

†VAT for the year ending 31 March 2019 is the actual VAT recovered during the year. VAT for the year ending 31 March 2018 is the total VAT charged during the year.

	Year ended 31 March 2019			Year ended 31 March 2018		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Ongoing charges are calculated with reference to the following figures:						
Investment management fee	(397)	(737)	(1,134)	(428)	(794)	(1,222)
Other expenses	(614)	–	(614)	(618)	–	(618)
Total expenses	(1,011)	(737)	(1,748)	(1,046)	(794)	(1,840)
Average net assets over the year			190,587			202,270
Ongoing charges			0.90%			0.90%

Note 5: Finance costs

	Year to 31 March 2019			Year to 31 March 2018		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Interest on bank loans and overdrafts	196	355	551	187	314	501

Note 6: Dividends

	Year to 31 March 2019 £000	Year to 31 March 2018 £000
Year ended 31 March 2017 – fourth interim dividend of 1.6p	–	1,794
Year ended 31 March 2018 – first interim dividend of 1.45p	–	1,626
Year ended 31 March 2018 – second interim dividend of 1.45p	–	1,625
Year ended 31 March 2018 – third interim dividend of 1.45p	–	1,602
Year ended 31 March 2018 – fourth interim dividend from revenue of 1.48p	1,603	–
Year ended 31 March 2018 – fourth interim dividend from capital of 0.27p	293	–
Year ended 31 March 2019 – first interim dividend of 1.45p	1,532	–
Year ended 31 March 2019 – second interim dividend of 1.45p	1,519	–
Year ended 31 March 2019 – third interim dividend of 1.45p	1,515	–
	6,462	6,647

Set out below are the total dividends in respect of the period, which forms the basis on which the requirements of sections 1158-1159 of the Corporation Tax Act 2010 are considered.

	Year to 31 March 2019 £000	Year to 31 March 2018 £000
First interim dividend of 1.45p for the year ended 31 March 2019 (2018: 1.45p)	1,532	1,626
Second interim dividend of 1.45p for the year ended 31 March 2019 (2018: 1.45p)	1,519	1,625
Third interim dividend of 1.45p for the year ended 31 March 2019 (2018: 1.45p)	1,515	1,602
Proposed fourth interim dividend of 1.90p for the year ended 31 March 2019 (2018: 1.75p)	1,985	1,933
	6,551	6,786

During the year the directors received dividends of 6.10p (2018: 5.95p) per share. Directors' shareholdings are disclosed on page 26. The revenue reserves as at 31 March 2019 are £2,108,000, of this £1,985,000 will be used to fund the fourth interim dividend. At the AGM held on 16 May 2012, the board received shareholder approval to amend the articles of association of the company to enable dividends to be paid out of capital.

Note 7: Taxation on ordinary activities

	Year to 31 March 2019 £000	Year to 31 March 2018 £000
Foreign tax	**671**	693

The corporation tax rate was 19.0% (2018: 19.0%). The tax charge for the year differs from the charge resulting from applying the standard rate of corporation tax in the UK for an investment trust company. The differences are explained below:

	Year to 31 March 2019 £000	Year to 31 March 2018 £000
Net return on ordinary activities before taxation	**20,856**	(1,419)
Corporation tax at standard rate of 19% (2018: 19%)	**3,963**	(270)
Effects of:		
(Gains)/losses on investments not taxable	**(2,887)**	1,573
Non taxable UK dividend income	**(292)**	(256)
Overseas dividends not taxable	**(1,030)**	(1,040)
Overseas tax suffered	**671**	693
Losses on investments not taxable	**107**	(172)
Increase in excess management and loan expenses	**150**	174
Impact of expensed foreign tax	**(11)**	(9)
Total tax charge	**671**	693

As at 31 March 2019, the company had unutilised management expenses of £16,186,000 (2018: £15,394,000) carried forward. Due to the company's status as an investment trust and the intention to continue to meet the conditions required to obtain approval in the foreseeable future, the company has not provided deferred tax on capital gains and losses arising on the revaluation or disposal of investments.

Note 8: Investments at fair value through profit or loss	As at 31 March 2019 £000	As at 31 March 2018 £000
UK listed investments held at fair value through profit or loss	32,126	31,614
Overseas listed investments held at fair value through profit or loss	180,552	175,534
Total value of financial asset investments	212,678	207,148
Derivative financial instruments – written option contracts	–	(475)
Valuation of investments and derivatives	212,678	206,673
Opening valuation	206,673	219,809
Opening unrealised gains	(18,231)	(47,059)
Opening cost	188,442	172,750
Acquisitions at cost	78,397	93,620
Disposal proceeds	(87,587)	(98,452)
Gains on disposal of investments and derivatives	3,502	20,524
Disposals at cost	(84,085)	(77,928)
Closing cost	182,754	188,442
Add: unrealised gains	29,924	18,231
Closing valuation	212,678	206,673

There were no fixed interest securities as at 31 March 2019 (2018: nil).

An analysis of the investment portfolio by sector is on page 9, and a list of all the investments and their market value is detailed on page 10 and 11.

Gains/(losses) on investments and derivatives	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Net gains on disposal of investments and derivatives	3,502	20,524
Movement in unrealised gains/(losses)	11,693	(28,828)
Capital distributions	–	27
	15,195	(8,277)

Transaction costs

During the year, expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains/(losses) on investments in the statement of comprehensive income. The total costs were as follows:

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Acquisitions	141	168
Disposals	39	146
	180	314

Note 9: Trade and other receivables	As at 31 March 2019 £000	As at 31 March 2018 £000
Dividends receivable	775	547
Cash collateral held at broker for derivatives*	1	1,563
Tax recoverable	69	125
Prepayments and other debtors	35	–
Stock lending income receivable	–	2
	880	2,237

*Prior year balance has been restated to include UBS collateral.

None of the company's trade receivables are past due or impaired.

Note 10: Trade payables – amounts falling due within one year	As at 31 March 2019 £000	As at 31 March 2018 £000
Interest accrued	14	14
Sterling bank revolving loan	10,000	10,000
Amount due for Ordinary shares bought back	18	49
Other trade payables	489	456
	10,521	10,519

Note 11: Trade payables – amounts falling due after more than one year	As at 31 March 2019 £000	As at 31 March 2018 £000
Bank loan	15,162	14,534

On 19 September 2016 the company entered into a new agreement with the Royal Bank of Scotland Plc for £1,500,000 (Facility A), €4,500,000 (Facility B) and US$12,750,000 (Facility C) term loans and £10,000,000 (Facility D) multi-currency revolving credit facility agreement.

The term loans carry an annual fixed rate interest of 2.1408%, 1.4175% and 3.1925% for Facility A, Facility B and Facility C respectively. The rate of interest for the revolving credit facility is set at each roll-over date and is made up of a fixed margin of 0.5% plus LIBOR rate. Under this agreement £10,000,000 was drawn at 28 March 2019 at a rate of 1.48325% with a maturity date of 28 June 2019.

The repayment date of the term loans is the same as their termination date which is the 19 September 2023. The repayment date of the revolving facility is the last day of its interest period and the termination date is the 30 September 2020.

Under the loan agreements the company is to ensure that, at each month end, the aggregate principal amount outstanding in respect of monies borrowed does not exceed an amount equal to 25% of its net tangible assets and, unless otherwise agreed with the lender, net tangible assets are not less than £100,000,000. Also the company shall not enter into any obligations except with the prior consent of the Lender and not enter into any option writing programme which the value of its transactions, at any time, exceed 15% of its net tangible assets.

As at 31 March 2019 the company had drawn down the full amount of the loan and the balances as at that date were for Facility A £1,500,000, Facility B £3,877,000 (€4,500,000), Facility C £9,785,000 (US$12,750,000) and Facility D £10,000,000.

Note 12: Called up share capital

	Number of shares as at 2019	As at 31 March 2019 £000	Number of shares as at 2018	As at 31 March 2018 £000
Ordinary shares of 1p				
Ordinary shares in issue at the beginning of the year	**110,446,792**	**1,105**	112,162,368	1,122
Ordinary shares bought back to Treasury during the year	**(5,950,544)**	**(60)**	(1,715,576)	(17)
Ordinary shares in issue at the end of the year	**104,496,248**	**1,045**	110,446,792	1,105
Treasury shares (ordinary shares 1p)				
Treasury shares in issue at the beginning of the year	**11,852,356**	**118**	10,136,780	101
Ordinary shares bought back to Treasury during the year	**5,950,544**	**60**	1,715,576	17
Treasury shares in issue at the end of the year	**17,802,900**	**178**	11,852,356	118
Total ordinary shares in issue and in Treasury at the end of the year	**122,299,148**	**1,223**	122,299,148	1,223

There were 5,950,544 shares bought back during the year to 31 March 2019 at a cost of £10,063,000 (2018: 1,715,576 at a cost of £2,920,000). During the year, the company issued no shares (2018: nil). The share premium represents the surplus amount over the nominal value of the issued share capital excluding costs, with any related issuance cost allocated to the special distributable capital reserve.

The analysis of the capital reserve is as follows:

	Realised capital reserve £000	Investment holding gains £000	Total capital reserve £000
As at 31 March 2018	43,810	18,231	62,041
Gains on realisation of investments at fair value	3,502	–	3,502
Realised currency losses during the year	(565)	–	(565)
Movement in unrealised gains	–	11,693	11,693
Capital expenses	(1,092)	–	(1,092)
Dividends paid from capital	(293)	–	(293)
As at 31 March 2019	**45,362**	**29,924**	**75,286**

The above split in capital reserve is shown in accordance with provisions of the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', 2014.

Note 13: Analysis of debt

	As at 31 March 2018 £000	Cash flows £000	Exchange movements £000	As at 31 March 2019 £000
Cash at bank*	5,529	(445)	–	5,084
Bank borrowings	(24,534)	–	(628)	(25,162)
Net debt	(19,005)	(445)	(628)	(20,078)

*Prior year balance has been restated to exclude UBS collateral which was moved to trade and other receivables.

Note 14: Related party transactions

With the exception of the management fees and secretarial fees (as disclosed on pages 20), directors' fees (disclosed on page 27) and directors' shareholdings (disclosed on page 26), there have been no related party transactions during the year, or in the prior year.

Note 15: Derivatives and other financial instruments

The company's financial instruments comprise securities and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The company also has the ability to enter into derivative transactions in the form of forward foreign currency contracts, futures and options, for the purpose of managing currency and market risks arising from the company's activities.

The main risks the company faces from its financial instruments are (a) market price risk (comprising of (i) interest rate risk, (ii) currency risk and (iii) other price risk), (b) liquidity risk and (c) credit risk.

The board regularly reviews and agrees policies for managing each of these risks. The manager's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term receivables and creditors, other than for currency disclosures.

(a) 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. This market risk comprises three elements – interest rate risk, foreign currency risk and other price risk.

(i) Market risk arising from interest rate risk

Interest rate movements may affect:

- the fair value of the 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.

The board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. The company has a revolving loan with the Royal Bank of Scotland Plc which provides flexibility to finance opportunities in the short term. Current guidelines state that the total borrowings will not exceed 20 per cent of the net tangible assets of the company. Details of borrowings at 31 March 2019 are shown in notes 10 and 11 on page 47.

Interest risk profile

The interest rate risk profile of the portfolio of financial assets and liabilities at the date of the statement of financial position was as follows:

As at 31 March 2019	**Interest rate %**	**Local currency 000**	**Foreign exchange rate**	**GBP sterling equivalent £000**
Assets:				
Sterling	**0.07**	**4,391**	**1.000**	**4,391**
Euro	**(0.60)**	**523**	**1.160**	**450**
US dollar	**0.50**	**87**	**1.303**	**67**
Swedish krona	**(1.50)**	**307**	**12.086**	**25**
Swiss franc	**(1.75)**	**196**	**1.298**	**151**
Total				**5,084**
Liabilities:				
Bank loan – GBP sterling term loan	**2.14**	**1,500**	**1.000**	**1,500**
Bank loan – GBP sterling revolving loan	**1.48**	**10,000**	**1.000**	**10,000**
Bank loan – Euro	**1.42**	**4,500**	**1.160**	**3,877**
Bank loan – US dollar	**3.19**	**12,750**	**1.303**	**9,785**
Total				**25,162**

As at 31 March 2018	Interest rate %	Local currency 000	Foreign exchange rate	GBP sterling equivalent £000
Assets:				
Sterling*	0.01	5,337	1.000	5,337
Euro*	(0.60)	191	1.141	167
US dollar	0.09	(2)	1.403	(1)
Swedish krona	(1.50)	307	11.748	26
Total				5,529
Liabilities:				
Bank loan – GBP sterling term loan	2.14	1,500	1.000	1,500
Bank loan – GBP sterling revolving loan	1.15	10,000	1.000	10,000
Bank loan – Euro	1.42	4,500	1.141	3,945
Bank loan – US dollar	3.19	12,750	1.403	9,089
Total				24,534

*Prior year balance has been restated to exclude UBS collateral which was moved to trade and other receivables.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the statement of financial position date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

The following table illustrates the sensitivity of the return after taxation to an increase or decrease of 75 (2018: 50) basis points in interest rates. This is mainly attributable to the company's exposure to interest rates on its floating rate cash balances.

	Year to 31 March 2019		Year to 31 March 2018	
	Increase in rate £000	**Decrease in rate £000**	Increase in rate £000	Decrease in rate £000
Effect on revenue return	**(13)**	**13**	(10)	10
Effect on capital return	**(25)**	**25**	(18)	18
Effect on total return and on net assets	**(38)**	**38**	(28)	28

In the opinion of the directors, the above sensitivity analysis may not be representative of the year as a whole, since exposure may change as investments are made, borrowings are drawn down and may be repaid throughout the year.

(ii) Market risk arising from foreign currency risk

A significant proportion of the company's investment portfolio is invested in overseas securities and the statement of financial position 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.

The revenue account is subject to currency fluctuation arising on overseas income.

Foreign currency risk profile

Foreign currency risk exposure by currency of denomination:

	As at 31 March 2019			As at 31 March 2018		
	Investment exposure £000	**Net monetary exposure £000**	**Total currency exposure £000**	Investment exposure £000	Net monetary exposure £000	Total currency exposure £000
US dollar	**95,369**	**(9,506)**	**85,863**	88,829	(9,866)	78,963
Euro	**41,841**	**(3,103)**	**38,738**	45,064	(7,774)	37,290
Swiss franc	**10,481**	**169**	**10,650**	3,977	80	4,057
Canadian dollar	**9,649**	**61**	**9,710**	17,054	40	17,094
Australian dollar	**5,662**	**–**	**5,662**	8,428	53	8,481
Swedish krona	**4,052**	**26**	**4,078**	3,872	–	3,872
Hong Kong dollar	**7,588**	**–**	**7,588**	2,329	–	2,329
Singapore dollar	**2,500**	**–**	**2,500**	3,694	–	3,694
Korean won	**3,410**	**17**	**3,427**	2,160	29	2,189
Total overseas investments	**180,552**	**(12,336)**	**168,216**	175,407	(17,438)	157,969
Pound sterling	**32,126**	**(8,898)**	**23,228**	31,266	(1,451)	29,815
Total	**212,678**	**(21,234)**	**191,444**	206,673	(18,889)	187,784

The asset allocation between specific markets can vary from time to time based on the manager's opinion of the attractiveness of the individual markets.

Foreign currency sensitivity

At 31 March 2019, if sterling had strengthened by 10% in relation to all currencies, with all other variables held constant, total net assets and total return on ordinary activities would have decreased by the amounts shown below. A 10% weakening of sterling against all currencies, with all other variables held constant, would have had an equal but opposite effect on the financial statement amounts.

	As at 31 March 2019 £000	As at 31 March 2018 £000
US dollar	8,586	7,897
Euro	3,874	3,729
Swiss franc	1,065	406
Canadian dollar	971	1,709
Australian dollar	566	848
Swedish krona	408	387
Hong Kong dollar	759	233
Singapore dollar	250	369
Korean won	343	219

(iii) Market risk arising from other price risk

Other price risks (i.e. changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

It is the board'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, as detailed on pages 6 to 11, both act to reduce market risk. The manager actively monitors market prices throughout the year and reports to the board, which meets regularly in order to review investment strategy. All investments held by the company are listed on stock exchanges worldwide.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation and the net asset value to an increase or decrease of 15% in the fair value of the company's equities. The calculations are based on the portfolio valuations as at the respective statement of financial position date, and the consequent impact on the investment management fees for the year, and are not representative of the year as a whole.

	Year to 31 March 2019		Year to 31 March 2018	
	Increase in fair value £000	Decrease in fair value £000	Increase in fair value £000	Decrease in fair value £000
Effect on revenue return	(67)	67	(65)	65
Effect on capital return	31,777	(31,777)	30,880	(30,880)
Effect on total return and on net assets	31,710	(31,710)	30,815	(30,815)

(b) Liquidity risk

This is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is not considered to be significant as the company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of loan and overdraft facilities (see notes 10 and 11 for more details).

The contractual maturities of the financial liabilities at the year end, based on the earliest date on which payment can be required are as follows:

	As at 31 March 2019			As at 31 March 2018		
	Three months or less £000	More than three months £000	Total £000	Three months or less £000	More than three months £000	Total £000
Trade payables:						
Interest accrued	14	–	14	14	–	14
Bank loans	10,138	16,872	27,010	10,122	16,535	26,657
Amount due for ordinary shares bought back	18	–	18	49	–	49
Other trade payables	489	–	489	456	–	456
	10,659	16,872	27,531	10,641	16,535	27,176

Prior year figures have been restated to include the undiscounted contractual interest on the loans to their maturity. The changes were as follows; bank loans three months or less figure changed by £122 from £10,000. Bank loans more than three months figure changed by £2,001 from £14,534. The total change being £2,123 from £24,534.

(c) Credit risk

This is the risk of failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the company suffering a loss.

The risk is not considered to be significant by the board, and is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the investment manager, and limits are set on the amounts that may be due from any one broker; and
- cash is held only with reputable banks with high quality external credit ratings.

The maximum credit risk exposure as at 31 March 2019 was £5,964,000 (2018: £7,766,000). This was due to trade receivables and cash as per notes 9 and 13.

Fair value of financial assets and financial liabilities

All financial assets and liabilities of the company are included in the statement of financial position at fair value or the statement of financial position amount is a reasonable approximation of fair value.

(d) Counterparty risk

The table below shows the counterparty risk as at the Balance Sheet date:

As at 31 March 2019	Derivative exposure £000	Collateral posted £000	Collateral received £000	Collateral asset class
Counterparty				
UBS	–	1	–	Cash
Total	–	1	–	

As at 31 March 2018	Derivative exposure £000	Collateral posted £000	Collateral received £000	Collateral asset class
Counterparty				
UBS*	(475)	1,563	–	Cash
Total	(475)	1,563	–	

*Prior year collateral posted balance restated.

Note 16: Capital management policies and procedures

The company's capital management objectives are:

- to ensure that the company will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The capital of the company consists of equity, comprising issued capital, reserves and retained earnings.

The board monitors and reviews the broad structure of the company's capital on an ongoing basis. This review includes the nature and planned level of gearing, which takes account of the manager's views on the market and the extent to which revenue in excess of that which is required to be distributed should be retained.

Note 17: Fair value hierarchy

Under FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', an entity is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc); or
- Level 3: significant unobservable input (including the company's own assumptions in determining the fair value of investments).

The financial assets measured at fair value through profit and loss are grouped into the fair value hierarchy as follows:

At 31 March 2019	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets at fair value through profit or loss				
Quoted equities	**212,678**	**–**	**–**	**212,678**
Net fair value	**212,678**	**–**	**–**	**212,678**

At 31 March 2018	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets at fair value through profit or loss				
Quoted equities	207,148	–	–	207,148
Financial liabilities at fair value through profit or loss				
Derivative investments	(475)	–	–	(475)
Net fair value	206,673	–	–	206,673

Note 18: Stock lending

During the year the company terminated the Securities Lending Authorisation Agreement with State Street Bank & Trust Company.

As at 31 March 2019 none of the investments were subject to stock lending agreements and no assets were held in collateral (2018: £13,226,000 of investments subject to stock lending, £13,836,000 held as collateral).

The gross earnings and the fees paid for the year are £42,000 (2018: £47,000) and £11,000 (2018: £12,000).

Note 19: Post year end events

On 21 June 2019 the board declared a fourth interim dividend of 1.90p per share. As at 20 June 2019, the company had bought back a further 201,378 ordinary shares at a total cost of £345,000 resulting in a further reduction of £345,000 to the special distributable reserve.

Note 20: AIFMD disclosures

In accordance with the AIFM Directive, information in relation to the company's leverage and the remuneration of the company's AIFM, Martin Currie Fund Management ('MCFM'), is required to be made available to investors. In accordance with the Directive, the AIFM's remuneration policy is available from MCFM on request (see contact details on the back cover). The numerical remuneration disclosures in relation to the AIFM's year ended 31 March 2019 are available from the company secretary on request.

The company's maximum and actual leverage levels at 31 March 2019 are shown below:

Leverage Exposure	Gross method	Commitment method
Maximum permitted limit	300%	200%
Actual	107%	109%

The leverage limits are set by the AIFM and approved by the board and are in line with the maximum leverage levels permitted in the company's articles of association. The AIFM is also required to comply with the gearing parameters set by the board in relation to borrowings.

Directors and Advisers

Directors
Rachel Beagles (Chairman)
John Evans
Angus Gordon Lennox
Sarah Harvey
Mark Little

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Martin Currie Fund Management Limited is authorised and regulated by the Financial Conduct Authority.

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Martin Currie Investment Management Limited is authorised and regulated by the Financial Conduct Authority.

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Registered in Scotland, registered number SC283272

www.securitiestrust.com

Independent auditor
Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Registrars
Link Asset Services
The Registry, 34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone 0371 664 0300
www.linkassetservices.com

Custodians
State Street Bank and Trust Company
20 Churchill Place
Canary Wharf
London E14 5HJ

Bankers
The Royal Bank of Scotland plc
24-25 St Andrew Square
Edinburgh
EH2 1AF

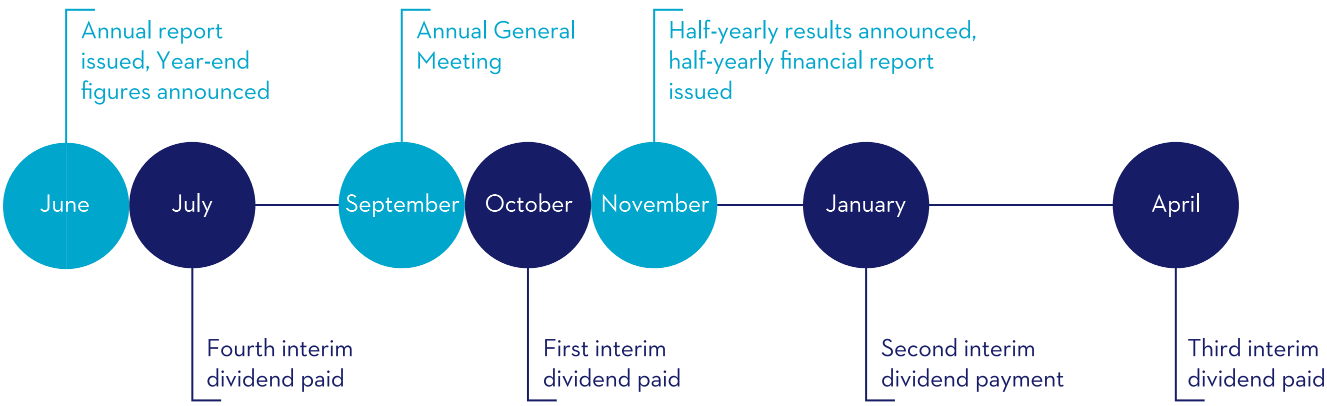
Depositary
State Street Trustees Limited
Quartermile 3
10 Nightingale Way
Edinburgh EH3 9EG

Brokers
JPMorgan Cazenove Limited
25 Bank Street
London E14 5JP

Association of Investment Companies
9th Floor
24 Chiswell Street
London EC1Y 4YY
www.theaic.co.uk

Securities Trust of Scotland is a member of the AIC (the trade body of the investment company industry).

Financial calendar – key dates 2019/20



The European Securities and Markets Authority ('ESMA') published it's guidelines on Alternative Performance Measures ('APMs'). APMs are defined as being a 'financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable accounting framework.' The guidelines aim to improve comparability, reliability and/or comprehensibility of APMs. The company uses the following APMs throughout the annual report, financial statements and notes to the financial statements:

Discount/Premium

Discount

The amount, expressed as a percentage, by which the share price is less than the net asset value per share.

Premium

The amount, expressed as a percentage, by which the share price is more than the net asset value per share.

As at 31 March 2019 the share price was 169.50p and the net asset value per share (cum income) was 183.21p, the discount was therefore 7.48%.

Average discount for the 12 weeks to 31 March 2019

As noted in the glossary there is a redemption opportunity if the average ex income discount is greater than 7.5 per cent in the last 12 weeks of a company's financial year. The average discount for the 12 weeks of the year end 31 March 2019 is 4.94%.

NAV per share

A very common measure of the underlying value of a share in an investment company.

In basic terms, the net asset value ('NAV') is the value of the investment company's assets, less any liabilities it has. The NAV per share is the NAV divided by the number of shares in issue. This will very often be different to the share price. The difference is known as the discount or premium.

NAV (cum income) per share – the net asset value per share cum income is shown on the statement of financial position on page 37, and includes undistributed current year income. The NAV (cum income) per share as at 31 March 2019 was 183.21p.

NAV (ex income) per share – the net asset value (ex income) per share is excluding any current year income.

The NAV (ex income) is calculated by deducting undistributed current year income from the NAV (cum income). To determine the NAV (ex income) the following calculation is applied:

Net assets £191,444,000 [per Statement of Financial Position] less undistributed current year income (£6,647,000 [per Statement of comprehensive income] less dividends paid for the current year [per note 6] £1,532,000-£1,519,000-£1,515,000) = £189,363,000.

This figure is then divided by the shares in issue as at 31 March 2019 /104,496,248 to give the NAV (ex income) per share of 181.22p as at 31 March 2019.

NAV capital return performance

A measure showing how the net asset value (NAV) per share has performed over a period of time just in relation to the capital, without reflecting the value of dividends paid to shareholders.

NAV total return performance

A measure showing how the net asset value ('NAV') per share has performed over a period of time, taking into account both capital returns and dividends paid to shareholders.

The AIC shows NAV total return based on a hypothetical investment of £100. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.

NAV total return shows performance which is not affected by movements in discounts and premiums. It also takes into account the fact that different investment companies pay out different levels of dividends.

The NAV total return performance, calculated using the cum-income NAV for the year end 31 March 2019 was 11.4%, details of the calculation are given in note 2.

Ongoing charges

Ongoing charges are the total of the company's expenses including both the investment management fee (excluding performance fees) and other costs expressed as a percentage of NAV. The ongoing charges figure has been calculated in line with the AIC's recommended methodology.

The calculation of the ongoing charges is provided in note 4.

Share price total return

A measure showing how the share price has performed over a period of time, taking into account both capital returns and dividends paid to shareholders. Please refer to note 2 on page 42 for calculations.

AIFM Directive

The Alternative Investment Fund Managers Directive ('AIFMD') is a European Union ('EU') directive governing the regulation of alternative investment fund managers ('AIFMs') operating in the EU. AIFMs are responsible for managing investment products that fall within the category of alternative investment funds and investment trusts, including the company, are included in this.

Assets

Anything owned or controlled that has value. For investment companies, this might include shares and securities, property, cash etc.

Benchmark

An index or other measure against which the performance of an investment company is compared or its objectives are set.

The annual report and accounts will normally include an explanation of how the company has performed against its benchmark over the year and the reasons for any under or over performance.

Bid price

The price at which you sell your shares when two prices are quoted. This is sometimes shown as the 'sell' price and will be the lower of the two prices shown.

Dividend

Income from an investment in shares. Dividends are usually paid twice a year but can also be paid quarterly or monthly. Not all investment companies pay dividends. Dividend income isn't guaranteed and may fall as well as rise.

Dividend yield

The annual dividends expressed as a percentage of the current share price.

Ex and cum income

Also shown as 'ex div' or 'xd', this means that, if you buy the shares today, you won't receive the most recently declared dividend.

Shares are being traded all the time on stock markets, so for administrative reasons there needs to be a point when buyers and sellers agree whether they will receive the most recently declared dividend. The point when the shares purchased will no longer receive the dividend is known as the 'ex dividend date' and the shares are said to have 'gone ex dividend'. The share price will normally fall by the amount of the dividend to reflect this.

If you buy the shares when you're still entitled to the most recently declared dividend, this is known as the shares being cum dividend.

Gearing

At its simplest, gearing means borrowing money to buy more assets in the hope the company makes enough profit to pay back the debt and interest and leave something extra for shareholders. However, if the investment portfolio doesn't perform well, gearing can increase losses. The more an investment company gears, the higher the risk.

The gearing currently employed is discussed in the strategic report on page 13.

Investment trust

An investment company which is based in the UK and which meets certain tax conditions so that it doesn't pay tax on gains made within the portfolio.

Investment company

A closed-ended fund which invests in a diversified portfolio of assets. Investors buy and sell their shares in the investment company on a stock exchange.

Net assets

A measure of the size of an investment company. The total value of all assets held, less liabilities and prior charges, including income for the current year.

Options

An option is a financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date).

Call options give the option to buy at certain price, so the buyer would want the stock to go up.

Put options give the option to sell at a certain price, so the buyer would want the stock to go down.

Out of the money

A call option is considered "out of the money" when the call option's strike price is higher than the prevailing market price of the underlying stock. A put option is said to be out of the money if the current price of the underlying stock is above the strike price of the option.

Peer group

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. Until 31 March 2018 the peer group was made up of all relevant open and closed-ended peers (sourced from the Lipper Global – Global Equity Income sector and Association of Investment Companies ('AIC') Global Equity Income Sector). With effect from the 1 April 2018 the 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).

Peer group total return

A measure showing how the peer group has performed over a period of time, taking into account both capital returns and dividends paid.

Redemption opportunity

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 a 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.

Share buy backs

Describes an investment company buying its own shares and reducing the number of shares in existence.

Share buy backs can be used to return money to shareholders, but are also often used to tackle the company's discount. Discounts may reflect an imbalance between the demand for shares and the number of shares in existence. The hope is that, by reducing the number of shares in existence, the buy back will help to prevent the discount widening or even reduce it.

Share price

The price of a share as determined by the stock market.

If you see a single share price shown, it's likely that this is the mid-market price. This is different to the price at which you buy and sell the shares, which are known as the bid price (sell) and offer price (buy).

Treasury shares

Shares in a company's own share capital which the company itself owns and which can be sold to investors to raise new funds.

Treasury shares only come into existence when a company buys back shares. Instead of cancelling the shares (i.e. they cease to exist) they are held 'in treasury' by the company and can be sold at a later date to raise new funds.

However you choose to invest, please ensure you are aware of any charges associated with receiving advice or investing through any of the third-party providers listed below.

Independent financial advisers

An increasing number of independent financial advisers are including investment trusts within their investment recommendations for clients. To find an adviser who recommends on investment trusts, visit www.unbiased.co.uk.

Private client stockbrokers

If you have a large sum to invest, you may want to contact a private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit the Wealth Management Association: www.thewma.co.uk.

Alliance Trust Savings ('ATS')

ATS provides products to UK private investors, including a Stocks and Shares ISA and SIPP. Their website also has a research centre where you can compare different options before making investment decisions. Their trading platform allows you to invest online, by phone or by mail.

UK residents can invest in Securities Trust of Scotland shares in the following ATS products:

- Select SIPP
- Select Stocks & Shares ISA
- Child SIPP
- First Steps account
- Investment Dealing Account
- Junior ISA

For more information:
www.alliancetrustsavings.co.uk

Other online platforms and stockbroking services

A number of real-time execution-only stockbroking services and platforms allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give you advice, they simply allow you to trade. Many of these sites also offer 'wrapper' products such as ISAs, SIPPs and savings plans.

Sites include:

- Youinvest (part of AJ Bell) www.youinvest.co.uk
- Barclays Stockbrokers www.barclays.co.uk/smart-investor
- Charles Stanley Direct www.charles-stanley-direct.co.uk
- Hargreaves Lansdown www.hl.co.uk
- HSDL www.halifax.co.uk/sharedealing
- Interactive Investor www.ii.co.uk
- idealing www.idealing.com
- Jarvis Investment Management www.jarvisim.co.uk
- Selftrade www.selftrade.co.uk
- Sharecentre www.share.com
- Stocktrade www.stocktrade.co.uk
- Trustnet www.trustnet.com

Shareholder services

The registrars of the company are Link Asset Services. You can buy and sell shares directly by calling the Link dealing team on **0371 664 0445**.

For other services you can contact Link by telephone or online:

Contact details	www.linkassetservices.com	0371 664 0300*
Opening times	24 hour	9:00am – 5:30pm Monday to Friday
Change your address	✓	✓
Request tax vouchers	–	✓
Valuation	✓	✓
Online proxy voting	✓	–
Dividend payment records	✓	✓
Register and change bank mandate instructions for receipt of dividends	✓	✓
Elect to receive shareholder communication electronically	✓	✓
Request/download shareholder forms	✓	✓

*calls cost 12p per minute plus network extras.

Checking the share price

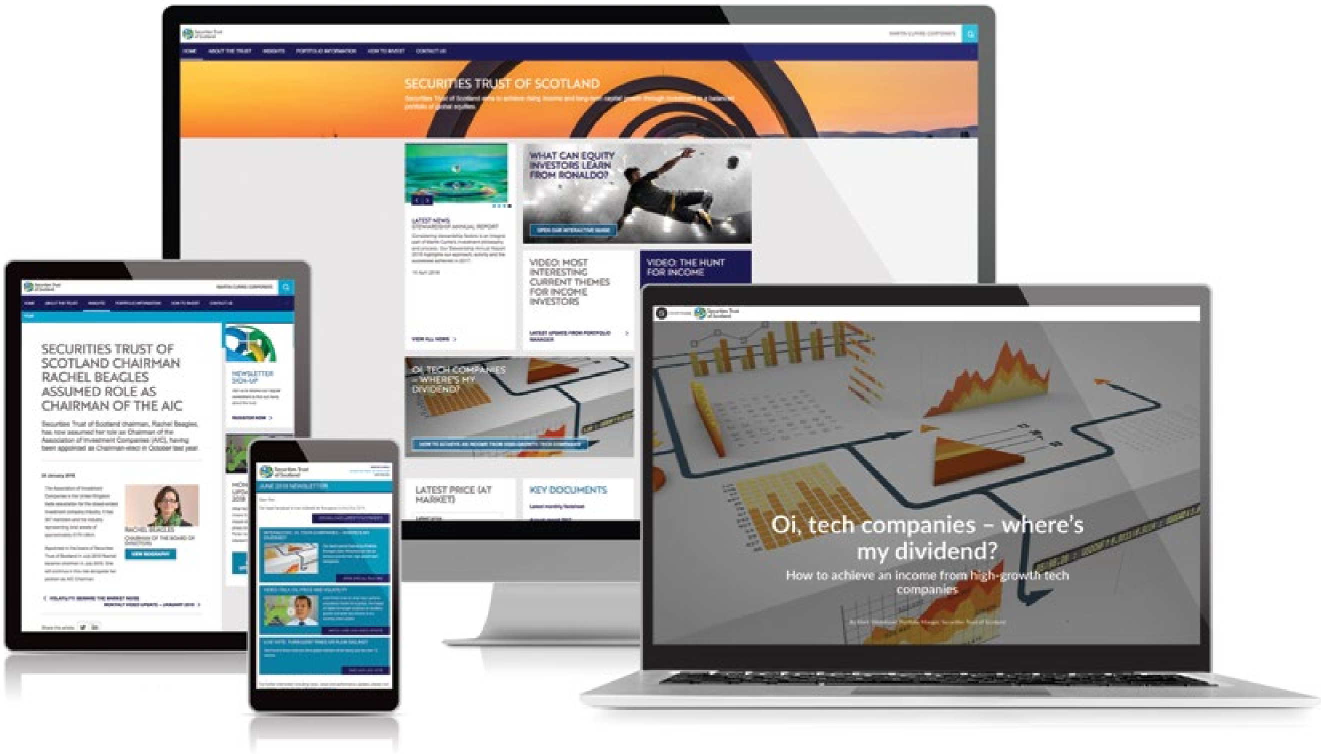
The share price is available through many sources including www.londonstockexchange.com and www.securitiestrust.com

OUR WEBSITE

Securities Trust of Scotland has its own dedicated website at www.securitiestrust.com

This offers shareholders, prospective investors and their advisers a wealth of information about the company. Updated daily, it includes the following:

- latest prices
- manager videos
- performance data
- portfolio information
- latest monthly update
- research
- press releases and articles
- annual and half yearly reports



Enquiries

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This information is provided for information only and is not an invitation to acquire Securities Trust of Scotland plc shares nor is this a personal recommendation to use any source described above. Calls may be recorded.

Securities Trust of Scotland

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