



Securities Trust of Scotland plc

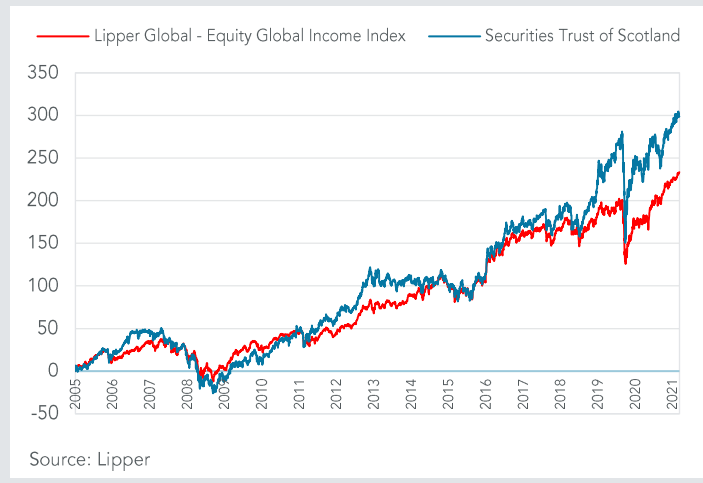
All data as at 31 August 2021

www.stsplc.co.uk

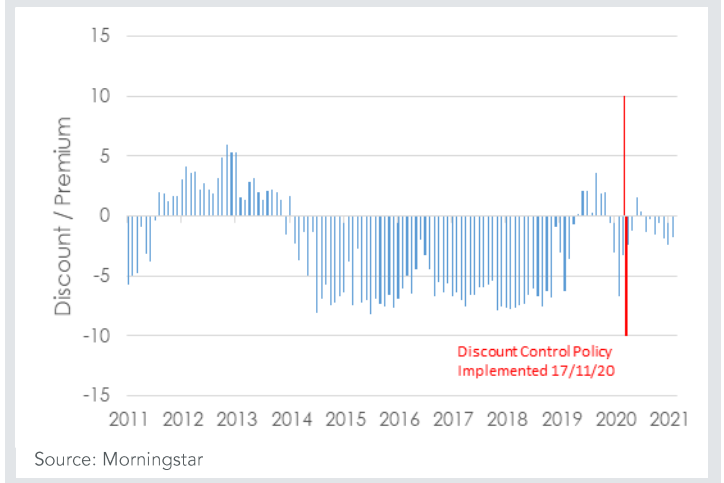
The investment objective of the Securities Trust of Scotland plc is to achieve rising income and long-term capital growth through investment in a balanced portfolio constructed from global equities.

Price	NAV (ex Inc)	Yield
215.50p	215.54p	2.7%
Premium (Discount) to NAV	Total Net/Gross Assets	
-1.8%	£220m/£235m	

Share Price Performance to 31 August 2021



Share Price Discount / Premium to NAV



Total Return to 31 August 2021	Since Troy Appt*	31/08/16 5 years	31/08/18 3 years	31/08/20 1 year	28/02/21 6 months
Securities Trust of Scotland Share Price	+10.1%	+66.1%	+36.3%	+21.5%	+16.8%
Securities Trust of Scotland NAV	+9.6%	+58.0%	+27.6%	+15.4%	+17.2%
Lipper Global - Equity Global Income Index	+15.7%	+42.8%	+20.6%	+21.9%	+12.7%

*Troy appointed Investment Manager 12 November 2020

Discrete Annual Total Returns	2014	2015	2016	2017	2018	2019	2020	2021 YTD
Securities Trust of Scotland Share Price	+0.8%	-5.4%	+35.8%	+6.8%	-7.9%	+39.3%	+3.1%	+5.9%
Securities Trust of Scotland NAV	+4.1%	+0.2%	+28.5%	+11.9%	-8.2%	+27.4%	+3.7%	+9.4%

Source: Lipper/Morningstar

Past performance is not a guide to future performance

August Commentary

The Trust produced a Net Asset Value total return of +1.0% during the month and a price total return of +1.7%, compared to a return of +2.5% for the Lipper Global - Equity Global Income Index.

Equity markets have continued to make strong progress as investors look to a world post the pandemic. Despite this widespread optimism policy remains highly stimulative. This includes ongoing quantitative easing, very low interest rates and extensive fiscal spending plans in addition to the widespread emergency support schemes which remain in place – for now.

This has arguably encouraged risk taking which has driven valuations to historically elevated levels on virtually every long-term measure except, and importantly, relative to fixed income.

Within this context we continue to find value in select favoured companies. A good example of this is portfolio holding Unilever.

Unilever trades on a 6.2% free cash flow yield* which we view as decent value. However, contained within the familiar UK listed company are a number of holdings in quoted emerging market subsidiaries including Hindustan Unilever (India), Unilever Indonesia and Unilever Nigeria. If one aggregates the implied value of these stakes one is able to infer the valuation of the remaining core of the business.

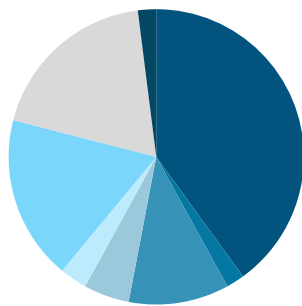
The dominant contributor is Hindustan Unilever of which Unilever itself owns 62%. Because this subsidiary is trading on 62.5x 2022 EPS it now accounts for 38% of the market capitalisation of the whole business. When added to the other major subsidiaries

the remaining part of the company has an implied valuation of 12.7x 2022 EPS. The global peer group currently trades on c.20-25x 2022 EPS which highlights quite how cheap Unilever currently is.

This partly reflects a number of concerns relating to the expected growth of the business, the input-cost driven margin squeeze and even some concerns about management strategy, execution and communication. While these concerns are valid, we believe they are fixable over time. Long term we think this high-quality asset is too cheap and will likely generate attractive returns and income growth for years to come.

*Free cash flow yield is a financial solvency ratio that compares the free cash flow per share a company is expected to earn against its market value per share.

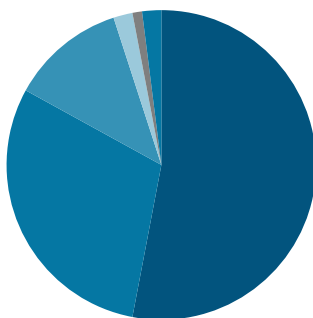
Asset Allocation by Sector



- Consumer Staples 40%
- Communication Services 2%
- Financials & Real Estate 11%
- Industrials 5%
- Consumer Discretionary 3%
- Health Care 18%
- Information Technology 19%
- Cash 2%

Source: Factset. Asset Allocation subject to change

Asset Class by Geography



- North America 53%
- United Kingdom 30%
- Europe ex UK 12%
- Asia Pacific ex Japan 2%
- Japan 1%
- Cash 2%

Source: Factset. Asset Allocation subject to change

Top 10 holdings

Top 10 holdings	% Trust
British American Tobacco	5.7
Philip Morris International	5.4
Unilever	5.1
Paychex	4.9
Reckitt Benckiser	4.3
ADP	4.2
Diageo	4.2
PepsiCo	4.1
Medtronic	4.1
Microsoft	3.8
Total Top 10	45.7
24 other holdings	52.2
Cash	2.1
TOTAL	100.0

Source: Factset. Holdings subject to change

Trust information

Structure London Listed Investment Trust	Capital Structure Shares with voting rights 100,460,075 Shares held in treasury 21,839,073	Dividend Yield (trailing 12 months) 2.7% Q2 2020/21 1.575p Q1 2020/21 1.375p Q4 2019/20 1.375p Q3 2019/20 1.375p
Board Chairman John Evans Non-Executive Director Mark Little Non-Executive Director Angus Gordon Lennox Non-Executive Director Sarah Harvey Non-Executive Director Angus Cockburn	Net Assets £220m Gross Assets £235m Ongoing Charges Ordinary shares: 0.92% (31.03.21)	Dividend Payments January, April, July, October Market Makers: JPMORGAN, NUMIS, WINTERFLOOD, INVESTEC, PANMURE, PEEL HUNT
Investment Manager Troy Asset Management Limited 33 Davies Street London W1K 4BP Tel: 020 7499 4030 Fax: 020 7491 2445 email: info@taml.co.uk	Management Fee 0.65% - Troy's investment management fee will be waived for 12 months from its appointment as investment manager (12 November 2020).	Bloomberg/Epic/Reuters Code STS Sedol B09G3N2
Manager James Harries	Allocation of Expense and Interest Capital 65% Revenue 35%	AIFM Juniper Partners Limited
Benchmark Lipper Global Equity Global Income Index	Mandate Established 2005 Year End 31 March Premium (Discount) -1.75% Gearing 7%	Pricing Share price is listed daily in the FT Auditor Ernst & Young LLP

Important Information

The Trust can use gearing to purchase assets for the Trust; the use of this facility will have the effect of magnifying any gains or losses made. Asset allocation and holdings information is based on the gross assets. All performance data is calculated net of fees, unless otherwise stated. The Trust is registered for distribution to the public in the UK and to professional investors only in Ireland. All references to benchmarks are for comparative purposes only. The views expressed in this document are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The information contained within this document does not constitute investment advice or an offer to invest or to provide discretionary investment management services and should not be used as the sole basis of any investment decision. Should you wish to obtain financial advice, please contact a professional advisor. The historic yield reflects distributions declared over the past twelve months as a percentage of the trust's price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. The yield is not guaranteed and will fluctuate. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Although Troy Asset Management Limited ("Troy") considers the information included in this document to be reliable, no warranty is given as to its accuracy or completeness. The opinions expressed are expressed at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice. Past performance is not a guide to future performance. The investments discussed may fluctuate in value and investors may get back less than they invested. Overseas investments may be affected by movements in currency exchange rates. The investment policy and process of the Trust may not be suitable for all investors. Third party data is provided without warranty or liability and may belong to a third party. Issued by Troy Asset Management Limited, 33 Davies Street, London W1K 4BP (registered in England & Wales No. 3930846). Registered office: Hill House, 1 Little New Street, London EC4A 3TR. Authorised and regulated by the Financial Conduct Authority (FRN: 195764).