



## Securities Trust of Scotland plc

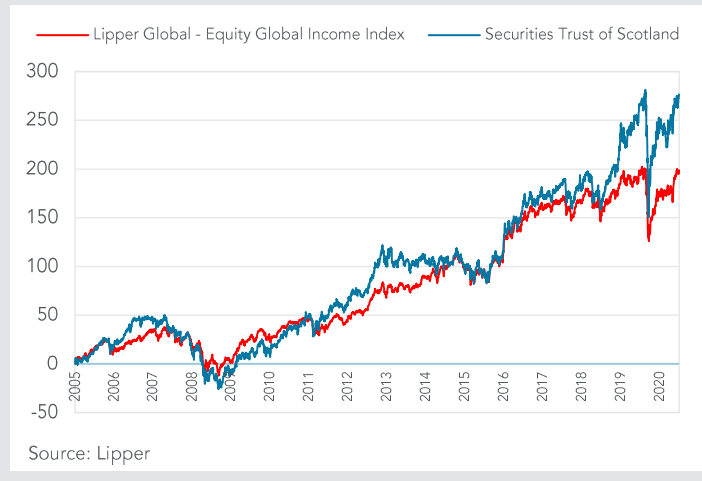
All data as at 31 December 2020

www.stsplc.co.uk

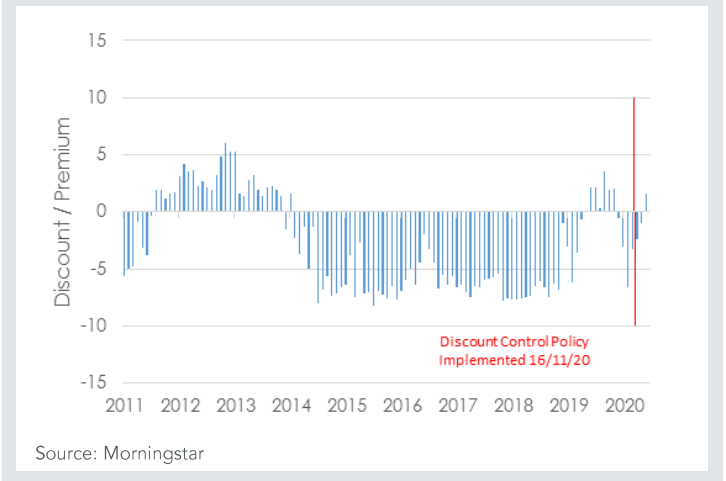
The investment objective of the Securities Trust of Scotland plc is to achieve rising income and long-term capital growth through investment in a balanced portfolio constructed from global equities.

<b>Price</b>	<b>NAV (ex Inc)</b>	<b>Yield</b>
<b>206.50p</b>	<b>200.93p</b>	<b>3.1%</b>
<b>Premium (Discount) to NAV</b>		<b>Total Net/Gross Assets</b>
<b>1.6%</b>		<b>£213m/£229m</b>

### Share Price Performance to 31 December 2020



### Share Price Discount / Premium to NAV



Total Return to 31 December 2020	Since Troy Appt*	31/12/15 5 years	31/12/17 3 years	31/12/19 1 year	30/06/20 6 months
Securities Trust of Scotland Share Price	+3.9%	+92.0%	+32.3%	+3.1%	+9.9%
Securities Trust of Scotland NAV	+0.2%	+74.4%	+21.3%	+3.7%	+7.7%
Lipper Global - Equity Global Income Index	+2.8%	+50.7%	+10.6%	+0.9%	+8.3%

\*Troy appointed Investment Manager 12 November 2020

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

Source: Lipper/Morningstar

Past performance is not a guide to future performance

### December Commentary

The Trust produced a Net Asset Value total return of +1.1% during the month and a price total return of +3.7%, compared to a return of +1.5% for the Lipper Global - Equity Global Income Index.

We have initiated an investment in Fastenal, funded by the sale of Emerson Electric. The decision to terminate an investment is not one we take lightly and is triggered in one of three ways. First, we may sell if an investment has become too highly valued. A very long-term investment horizon requires us to be content to withstand periods of full valuation, if not clear overvaluation, so this is rare. Second, we will sell if we simply get it wrong. We seek to minimise mistakes by being highly selective about the companies in which we invest and

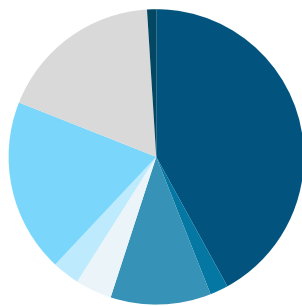
ensure a high-quality operating business that elicits both low cyclicality and capital intensity. Errors in business selection or analysis do happen occasionally and we are quick to learn and move on if such an event occurs. Finally, and most happily, we will sell if we find a better idea, as is the case here.

Fastenal is a distributor of industrial products in the US (originally nuts and bolts or fasteners as they are known in the US). Benefitting from economies of both scale (driving low cost) and scope (having a broad range of products) leads to consistent and defensible, unlevered, high returns on capital employed. The scale and density of the distribution and logistics network, built up over decades, allows the company to layer on further products (including recently PPE for COVID) which would be uneconomic for

others to build from scratch. By integrating into customers' workflow with vending machines and onsite locations, Fastenal is upgrading its position in the value chain from distributor to supply chain partner.

A large total addressable market and a still-fragmented industry leaves plenty of room for organic growth to drive predictable free cash flow growth, funding an attractive income stream. In Fastenal, we find a superior business offering faster income growth, less debt, a longer runway for growth, better capital allocation and a highly regarded management team with a similar yield relative to Emerson. It wins the competition for capital within the portfolio on that basis.

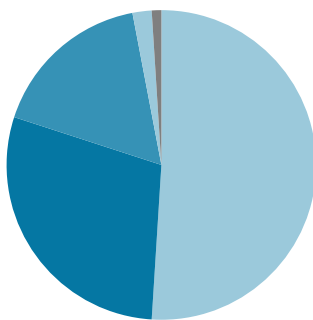
## Asset Allocation by Sector



- Consumer Staples 42%
- Communication Services 2%
- Financials 11%
- Industrials 4%
- Consumer Discretionary 3%
- Health Care 19%
- Information Technology 18%
- Cash 1%

Source: Factset. Asset Allocation subject to change

## Asset Class by Geography



- North America 51%
- United Kingdom 29%
- Europe ex UK 17%
- Asia Pacific ex Japan 2%
- Cash 1%

Source: Factset. Asset Allocation subject to change

## Top 10 holdings

Top 10 holdings	% Trust
British American Tobacco	6.0
Unilever	5.5
Philip Morris	4.9
Roche Holding	4.6
Reckitt Benckiser	4.6
PepsiCo	4.5
Paychex	4.5
Novartis	4.4
Medtronic	4.2
ADP	3.8
<b>Total Top 10</b>	<b>46.9</b>
23 other holdings	52.3
Cash	0.8
<b>TOTAL</b>	<b>100.0</b>

Source: Factset. Holdings subject to change

## Trust information

<b>Structure</b> London Listed Investment Trust	<b>Capital Structure</b> Shares with voting rights 104,571,075 Shares held in treasury 17,728,073	<b>Dividend Yield (trailing 12 months)</b> 3.1% Q4 2019/20 1.375p Q3 2019/20 1.375p Q2 2019/20 2.06p Q1 2019/20 1.45p
<b>Board</b> <b>Chairman</b> John Evans <b>Non-Executive Director</b> Mark Little <b>Non-Executive Director</b> Angus Gordon Lennox <b>Non-Executive Director</b> Sarah Harvey	<b>Net Assets</b> £213m <b>Gross Assets</b> £229m  <b>Ongoing Charges</b> Ordinary shares: 0.89% (31.03.20)	<b>Dividend Payments</b> January, April, July, October  <b>Market Makers:</b> JPMORGAN, NUMIS, WINTERFLOOD, INVESTEC, PANMURE, PEEL HUNT
<b>Investment Manager</b> Troy Asset Management Limited 33 Davies Street London W1K 4BP Tel: 020 7499 4030 Fax: 020 7491 2445 email: info@taml.co.uk	<b>Management Fee</b> 0.65% - Troy's investment management fee will be waived for 12 months from its appointment as investment manager (12 November 2020).	<b>Bloomberg/Epic/Reuters Code</b> STS  <b>Sedol</b> B09G3N2
<b>Manager</b> James Harries	<b>Allocation of Expense and Interest</b> Capital 65% Revenue 35%	<b>AIFM</b> PATAC Limited
<b>Benchmark</b> Lipper Global Equity Global Income Index	<b>Mandate Established</b> 2005  <b>Year End</b> 31 March	<b>Pricing</b> Share price is listed daily in the FT
<b>Currency</b> £ Sterling	<b>Premium (Discount)</b> +1.6%  <b>Gearing</b> 8%	<b>Auditor</b> 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. 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).