



## Securities Trust of Scotland plc

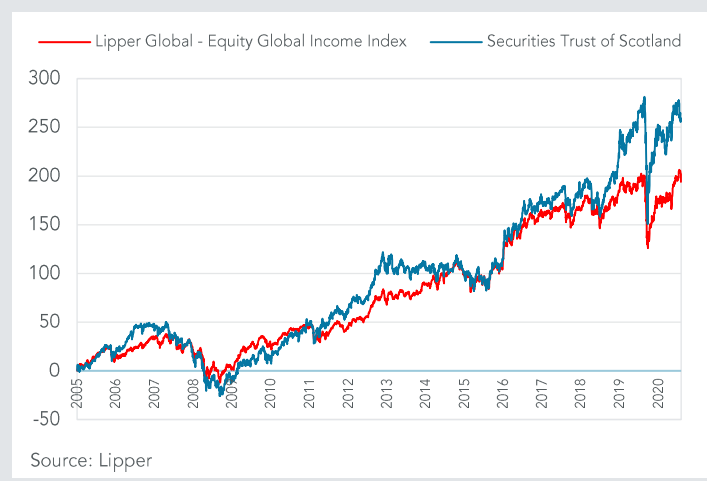
All data as at 31 January 2021

www.stsplc.co.uk

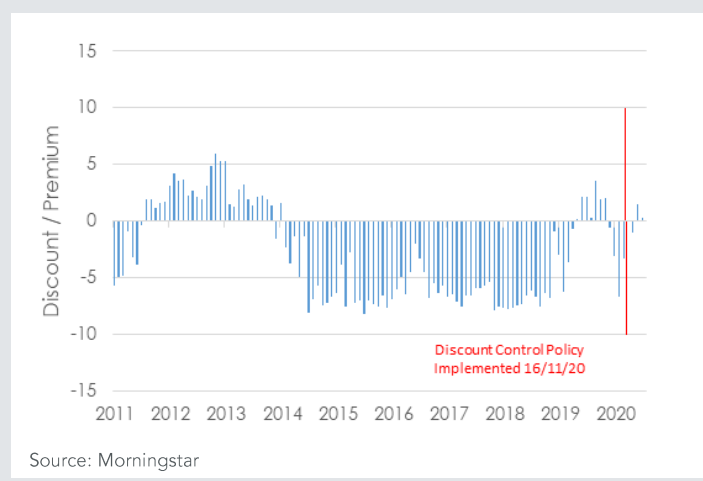
The investment objective of the Securities Trust of Scotland plc is to achieve rising income and long-term capital growth through investment in a balanced portfolio constructed from global equities.

<b>Price</b>	<b>NAV (ex Inc)</b>	<b>Yield</b>
<b>196.50p</b>	<b>193.09p</b>	<b>3.2%</b>
<b>Premium (Discount) to NAV</b>	<b>Total Net/Gross Assets</b>	
<b>0.4%</b>	<b>£202m/£217m</b>	

### Share Price Performance to 31 January 2021



### Share Price Discount / Premium to NAV



Total Return to 31 January 2021	Since Troy Appt*	31/01/16 5 years	31/01/18 3 years	31/01/20 1 year	31/07/20 6 months
Securities Trust of Scotland Share Price	-1.1%	+84.6%	+25.9%	-0.4%	+7.1%
Securities Trust of Scotland NAV	-3.6%	+67.5%	+17.7%	+1.3%	+3.5%
Lipper Global - Equity Global Income Index	+2.0%	+52.1%	+10.9%	+1.6%	+9.7%

\*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%	-4.8%
Securities Trust of Scotland NAV	+4.1%	+0.2%	+28.5%	+11.9%	-8.2%	+27.4%	+3.7%	-3.7%

Source: Lipper/Morningstar

Past performance is not a guide to future performance

### January Commentary

The Trust produced a Net Asset Value total return of -3.7% during the month and a price total return of -4.8%, compared to a return of -0.8% for the Lipper Global - Equity Global Income Index.

Hershey is part of the relatively newly established portfolio. The eponymous maker of chocolate and other treats, predominantly in the US, is the sort of business we favour. That is companies that afford consumers small indulgences which are bought repeatedly out of loyalty or habit and which in turn allows companies to earn high returns on capital employed. Edible items engender particular devotion, especially chocolate. It is a well-known investment adage that if a product tastes good the shares are likely to do well.

Despite these attractions, we have recently become concerned by Hershey's exposure to emerging environmental risks, in

particular water scarcity. We have engaged with the company to express our views by writing to the CEO and meeting with the Sr. Director for Global Sustainability and Social Impact.

Key areas of focus are poor disclosure relating to manufacturing sites located in areas of water scarcity, little apparent consideration of water usage in their supply chain and slow progress in reducing water consumption against their stated goals. These shortcomings resulted in Hershey receiving a "C" grade for its response to the CDP's 2020 Water Security questionnaire, a sub-standard score for a business of this quality.

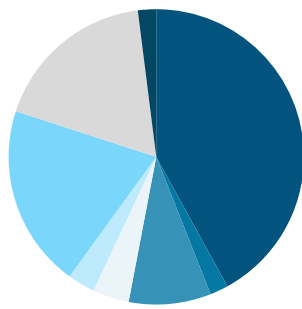
Having indicated that we were the first investors to raise this specific concern, the company acknowledged these risks and the opportunity that exists to address them. Having concentrated on climate issues and

plastic usage thus far, the company is now looking to shift its focus to water usage. It is clear that such matters are moving up the list priorities for Hershey and US companies more generally.

Should the company act as it indicates, we would expect the next CDP score to improve and ultimately for them to be awarded an "A". We will be monitoring this on an ongoing basis.

\*CDP is a not-for-profit charity which seeks to encourage greater disclosure by companies for investors around environmental issues.

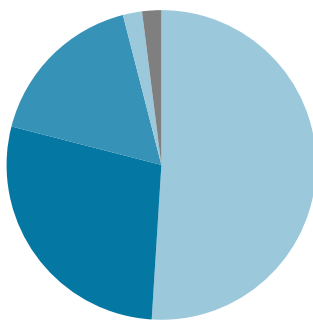
## Asset Allocation by Sector



- Consumer Staples 42%
- Communication Services 2%
- Financials 9%
- Industrials 4%
- Consumer Discretionary 3%
- Health Care 20%
- Information Technology 18%
- Cash 2%

Source: Factset. Asset Allocation subject to change

## Asset Class by Geography



- North America 51%
- United Kingdom 28%
- Europe ex UK 17%
- Asia Pacific ex Japan 2%
- Cash 2%

Source: Factset. Asset Allocation subject to change

## Top 10 holdings

Top 10 holdings	% Trust
British American Tobacco	6.2
Unilever	5.6
Roche Holding	4.8
Philip Morris International	4.7
Reckitt Benckiser	4.6
Paychex	4.4
Novartis	4.4
PepsiCo	4.4
Medtronic	4.0
ADP	3.7
<b>Total Top 10</b>	<b>46.8</b>
23 other holdings	50.9
Cash	2.3
<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 103,323,075 Shares held in treasury 18,976,073	<b>Dividend Yield (trailing 12 months)</b> 3.2%
<b>Board</b>	<b>Net Assets</b> £202m <b>Gross Assets</b> £217m	Q4 2019/20 1.375p
<b>Chairman</b> John Evans	<b>Ongoing Charges</b> Ordinary shares: 0.89% (31.03.20)	Q3 2019/20 1.375p
<b>Non-Executive Director</b> Mark Little	<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).	Q2 2019/20 2.06p
<b>Non-Executive Director</b> Angus Gordon Lennox	<b>Allocation of Expense and Interest</b> Capital 65% Revenue 35%	Q1 2019/20 1.45p
<b>Non-Executive Director</b> Sarah Harvey	<b>Mandate Established</b> 2005	<b>Dividend Payments</b> January, April, July, October
<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>Year End</b> 31 March	<b>Market Makers:</b> JPMORGAN, NUMIS, WINTERFLOOD, INVESTEC, PANMURE, PEEL HUNT
<b>Manager</b> James Harries	<b>Premium (Discount)</b> +0.4%	<b>Bloomberg/Epic/Reuters Code</b> STS
<b>Benchmark</b> Lipper Global Equity Global Income Index	<b>Gearing</b> 8%	<b>Sedol</b> B09G3N2
<b>Currency</b> £ Sterling		<b>AIFM</b> PATAC Limited
		<b>Pricing</b> Share price is listed daily in the FT
		<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).