



## Securities Trust of Scotland plc

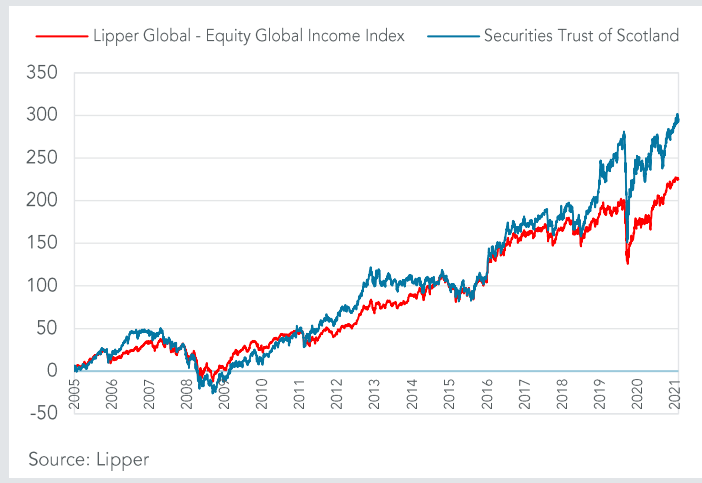
All data as at 31 July 2021

[www.stsplc.co.uk](http://www.stsplc.co.uk)

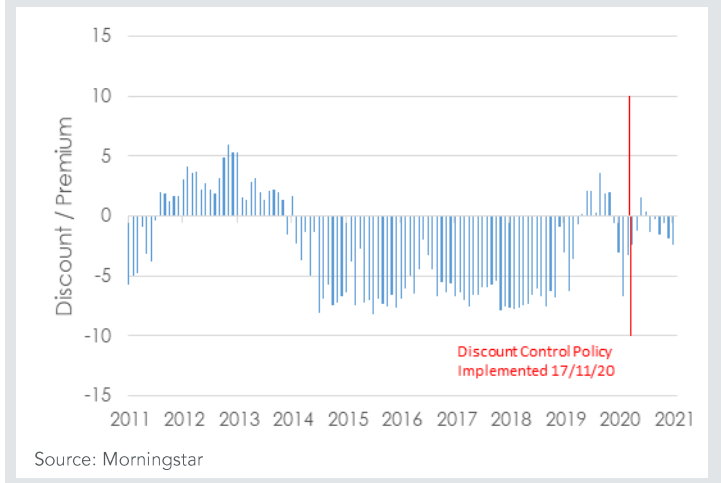
The investment objective of the Securities Trust of Scotland plc is to achieve rising income and long-term capital growth through investment in a balanced portfolio constructed from global equities.

|                                  |                               |              |
|----------------------------------|-------------------------------|--------------|
| <b>Price</b>                     | <b>NAV (ex Inc)</b>           | <b>Yield</b> |
| <b>212.00p</b>                   | <b>213.94p</b>                | <b>2.7%</b>  |
| <b>Premium (Discount) to NAV</b> | <b>Total Net/Gross Assets</b> |              |
| <b>-2.4%</b>                     | <b>£218m/£233m</b>            |              |

### Share Price Performance to 31 July 2021



### Share Price Discount / Premium to NAV



| Total Return to 31 July 2021               | Since Troy Appt* | 31/07/16<br>5 years | 31/07/18<br>3 years | 31/07/20<br>1 year | 31/01/21<br>6 months |
|--|------------------|---------------------|---------------------|--------------------|----------------------|
| Securities Trust of Scotland Share Price   | +8.3%            | +66.1%              | +34.8%              | +17.2%             | +9.5%                |
| Securities Trust of Scotland NAV           | +8.5%            | +57.3%              | +27.2%              | +16.4%             | +12.5%               |
| Lipper Global - Equity Global Income Index | +12.9%           | +40.7%              | +18.6%              | +21.3%             | +10.7%               |

\*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% | +4.2%    |
| Securities Trust of Scotland NAV         | +4.1% | +0.2% | +28.5% | +11.9% | -8.2% | +27.4% | +3.7% | +8.3%    |

Source: Lipper/Morningstar

Past performance is not a guide to future performance

### July Commentary

The Trust produced a Net Asset Value total return of +1.5% during the month and a price total return of +1.0%, compared to a return of +0.1% for the Lipper Global - Equity Global Income Index.

As usual in July, we have been busy with the first-half company reporting season. Troy's distinctive investment approach puts a premium on the predictability and consistency of the businesses in which we invest. As such results tend to be reassuring updates rather than the fireworks associated with more volatile and complex entities.

On this occasion however we have seen rather more surprises than normal reflected in some quite sharp share price moves. This has been especially the case in the consumer staples sector which

represents a material proportion of the Trust.

It is no secret that commodity prices and transportation costs have been rising recently and that revenues continue to recover as economies reopen. The result has been sluggish growth and rising input costs squeezing margins and leading to disappointing earnings. While some have weathered this storm relatively well (Procter and Gamble, Diageo) others have been more adversely impacted (Unilever, Reckitt).

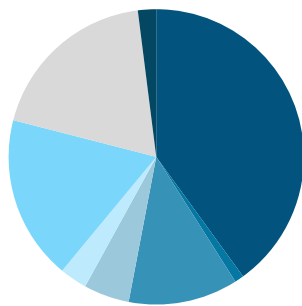
To us this is the inevitable outcome of ongoing COVID distortions in the global economy. Further our typical 10 year investment horizon\* means such periods are to be expected with or without COVID but will, in time, pass.

Our portfolio companies continue to grow steadily, have wide gross margins and entrenched competitive advantages including brands and distribution strength. These attributes drive attractive returns on capital and growing free cash flow as well as an ability to raise prices, over time, to offset input costs. Other costs will also be constrained.

Longer term, since prices tend to rise but input costs are cyclical, today's margin squeeze is tomorrow's margin expansion. We continue to regard these businesses as excellent assets for the long term income growth investor.

\*Troy portfolios typically have an annual average turnover of c.10%, implying a 10 year holding period on average.

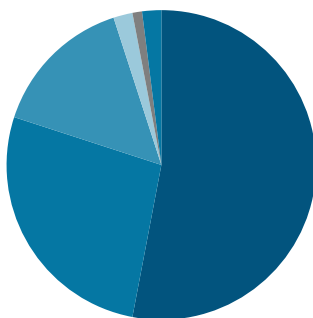
## Asset Allocation by Sector



- Consumer Staples 40%
- Communication Services 1%
- Financials & Real Estate 12%
- 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 27%
- Europe ex UK 15%
- 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 | 5.2          |
| Unilever                    | 5.0          |
| Paychex                     | 4.8          |
| Diageo                      | 4.3          |
| ADP                         | 4.2          |
| PepsiCo                     | 4.1          |
| Reckitt Benckiser           | 4.0          |
| Medtronic                   | 4.0          |
| CME Group                   | 3.9          |
| <b>Total Top 10</b>         | <b>45.3</b>  |
| 24 other holdings           | 53.2         |
| Cash                        | 1.5          |
| <b>TOTAL</b>                | <b>100.0</b> |

Source: Factset. Holdings subject to change

## Trust information

|  |   |  |
|--|---|--|
| <b>Structure</b><br>London Listed Investment Trust   | <b>Capital Structure</b><br>Shares with voting rights 102,468,075<br>Shares held in treasury 19,831,073   | <b>Dividend Yield (trailing 12 months)</b> 2.7%<br>Q1 2020/21 1.375p<br>Q4 2019/20 1.375p<br>Q3 2019/20 1.375p<br>Q2 2019/20 2.06p         |
| <b>Board</b><br><b>Chairman</b> John Evans<br><b>Non-Executive Director</b> Mark Little<br><b>Non-Executive Director</b> Angus Gordon Lennox<br><b>Non-Executive Director</b> Sarah Harvey<br><b>Non-Executive Director</b> Angus Cockburn | <b>Net Assets</b> £218m <b>Gross Assets</b> £233m<br><b>Ongoing Charges</b><br>Ordinary shares: 0.89%<br>(31.03.20)   | <b>Dividend Payments</b> January, April, July, October<br><b>Market Makers:</b> JPMORGAN, NUMIS, WINTERFLOOD, INVESTEC, PANMURE, PEEL HUNT |
| <b>Investment Manager</b><br>Troy Asset Management Limited<br>33 Davies Street<br>London W1K 4BP<br>Tel: 020 7499 4030<br>Fax: 020 7491 2445<br>email: info@taml.co.uk   | <b>Management Fee</b><br>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<br><b>Sedol</b> B09G3N2   |
| <b>Manager</b> James Harries   | <b>Allocation of Expense and Interest</b> Capital 65%<br>Revenue 35%  | <b>AIFM</b> Juniper Partners Limited   |
| <b>Benchmark</b><br>Lipper Global Equity Global Income Index   | <b>Mandate Established</b> 2005<br><b>Year End</b> 31 March<br><b>Premium (Discount)</b> -2.35%<br><b>Gearing</b> 7%  | <b>Pricing</b> Share price is listed daily in the FT<br><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. 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).