



PROFILE

Objective	To achieve rising income and long-term capital growth by investment in global equities.
Benchmark	Peer group [^]
Sector	Global equity income
Launch	28 June 2005

PORTFOLIO

Active Options Exposure means that allocations may not total 100%.

Sector allocation

	31 Aug	30 Sep
Industrials	16.9%	16.4%
Consumer staples	16.7%	16.3%
Information technology	14.4%	14.6%
Financials	11.3%	12.5%
Communication services	11.2%	11.2%
Materials	8.1%	10.5%
Healthcare	8.8%	8.4%
Consumer discretionary	6.9%	7.0%
Real Estate	5.5%	5.3%
Utilities	6.9%	4.5%
Energy	2.7%	2.6%
Cash	3.0%	2.7%
Gearing*	(12.4%)	(12.1%)

Regional allocation

	31 Aug	30 Sep
North America	48.3%	47.6%
Europe	46.7%	45.9%
Emerging Markets	9.4%	9.5%
Asia Pacific ex Japan	5.0%	6.3%
Cash	3.0%	2.7%
Gearing*	(12.4%)	(12.1%)

Top 10 holdings

(37.5% of total portfolio)

Microsoft	6.2%
Verizon Communications	3.9%
Lockheed Martin	3.8%
Danone	3.7%
Koninklijke DSM	3.6%
Crown Castle	3.5%
Airbus	3.4%
Taiwan Semiconductor	3.4%
Zurich Insurance	3.0%
Samsung Electronics	3.0%
Number of holdings	43
Number of countries	14

Key facts

Total net assets	£207.8m
Share price (p)	194.3
Net asset value per share (p)	199.3
Discount (premium)	2.5%
Historic net yield [†]	3.2%
Active Options Exposure [‡]	-

PERFORMANCE

Cumulative performance over periods to 30 September 2019

	One month	Three months	Six months	One year	Three years	Five years
Share price	4.5%	2.5%	17.0%	17.8%	39.6%	70.3%
NAV	1.7%	5.4%	12.3%	12.7%	36.9%	68.4%
Peer group [^]	1.3%	3.2%	8.7%	6.9%	28.2%	62.3%

[^]On 1 June 2016 Securities Trust of Scotland changed from benchmarking performance against the MSCI World High Dividend Yield index to an unconstrained strategy measured against the performance of the median of the peer group described below. Performance is shown in the table above against this new peer group across various time periods for illustrative purposes only. Prior to adopting a global mandate on 1 August 2011 the company's benchmark was the FTSE All-Share index.

The peer group consists of the AIC Global Equity Income sector combined with actively managed ICVC, SICAV or OEIC funds from Lipper Global - Global Equity Income sector. Performance is measured against the median of this peer group.

12-month performance

	To end Q3 2019	To end Q3 2018	To end Q3 2017	To end Q3 2016	To end Q3 2015
Share price	17.8%	7.8%	10.0%	31.4%	(7.1%)
NAV	12.7%	8.3%	12.2%	27.6%	(3.6%)

Past performance is not a guide to future returns.

Source: Martin Currie. The NAV basis used is cum-income in £. Please note prior to July 2017 the NAV basis used was ex-income NAV in £. Ex-income NAVs exclude current-year income, while cum-income NAVs include current-year income. These figures do not include the cost of buying and selling shares in an investment trust. If these were included, performance figures would be reduced.

MANAGERS' COMMENTARY

At a stock level, the top performer over the period was drinks manufacturer Britvic, following a positive recommendation from a large broker in September. Following a period of investment in restructuring its UK operations, the company is seeing strong free cash flow improvement. UK utility SSE was another notable contributor. During the month, the company announced the sale of its UK retail arm, which was taken positively as it had struggled to divest it. Korean tech giant Samsung Electronics was also among the stocks faring best.

On the other side, aircraft manufacturer Airbus was the largest detractor. This was due to market concerns that a World Trade Organisation (WTO) announcement may authorise the US to apply tariffs to aircraft from European manufacturers. However, we believe a compromise is likely, given US aircraft maker Boeing's exposure to Europe. Crown Castle, the US communications infrastructure firm, also fared poorly. The stock has benefited in previous months as a 'safe-haven' asset during market volatility and falling US Treasury yields – these yields have now risen since the lows of late August. DSM, a science-based company active in nutrition, health and sustainable living was another negative, due to concerns the Dutch firm is likely to be a bidder for DuPont's nutritional assets.

In terms of portfolio activity, we bought IFF, one of the major players in the global flavours and fragrances industry and Hong Kong-listed life insurance company AIA, which offers strong broad-based profit growth, attractive returns and high levels of free capital surplus generation. We sold US utility WEC Energy following recent strong performance.



Mark Whitehead

[‡]For further information on Options please refer to Important Information overleaf.

^{*}The risk outlined at the end of this document relating to gearing is particularly relevant to this company but should be read in conjunction with all warnings and comments given.

[†]Source for historic yield: Martin Currie as at 30 September 2019. The historic yield reflects dividends declared over the past 12 months as a percentage of the mid-market share price, as at the date shown. Investors may be subject to tax on their dividends.

CAPITAL STRUCTURE

Ordinary shares 104,285,623

BOARD OF DIRECTORS

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

KEY INFORMATION

Year end 31 March
Annual general meeting September
Interim dividends paid January, April, July, October[#]
Ongoing charges 31 March 2019[§] 0.9%
Investment management fee[#] 0.6% up to £200m
0.4% over £200m
(of net assets plus gearing)

TIDM code STS
Reuters code STS.L
Sedol code B09G3N2

[#]From 1 April 2018.

[§]Percentage of shareholders' funds. Includes annual management fee.

Net asset value and dividend history

As at 31 March	Share price	NAV per share	Discount/ (premium)	Dividend per share
2006	125.5p	135.6p	7.4%	2.85p
2007	141.3p	148.4p	4.8%	5.05p
2008	116.0p	121.5p	3.8%	5.45p
2009	66.3p	75.4p	12.2%	5.45p
2010	99.0p	109.4p	9.5%	4.65p
2011	108.0p	117.4p	8.0%	4.65p
2012	122.0p	119.8p	(1.9%)	4.70p
2013	146.3p	141.8p	(3.2%)	4.75p
2014	144.8p	141.6p	(2.9%)	4.80p
2015	144.3p	152.9p	5.7%	4.90p
2016	135.0p	145.8p	7.4%	5.80p
2017	166.0p	178.0p	6.7%	5.95p
2018	160.5p	170.0p	5.6%	6.10p
2019	169.5p	183.3p	7.5%	6.25p

Past performance is not a guide to future returns.

IMPORTANT INFORMATION

This information is issued and approved by Martin Currie Investment Management Limited. It does not constitute investment advice. Market and currency movements may cause the capital value of shares, and the income from them, to fall as well as rise and you may get back less than you invested. Please note that, as the shares in investment trusts are traded on a stockmarket, the share price will fluctuate in accordance with supply and demand and may not reflect the value of underlying net asset value of the shares.

Depending on market conditions and market sentiment, the spread between purchase and sale price can be wide. As with all stock exchange investments the value of investment trust share purchases will immediately fall by the difference between the buying and selling prices, the bid-offer spread. The value of investments and the income from them may go down as well as up and is not guaranteed. An investor may not get back the amount originally invested.

Investment trusts may borrow money in order to make further investments. This is known as 'gearing' and can enhance shareholder returns in rising markets but, conversely, can reduce them in falling markets.

The majority of charges will be deducted from the capital of the Company. This will constrain capital growth of the Company in order to maintain the income streams.

The company employs an active but tactical options strategy by using derivatives, predominantly writing (selling) puts and covered calls for investment purposes, this being principally to generate income. This may be at the expense of generating capital gains.

A sold put option obligates an investor to take delivery, or purchase of shares, of the underlying stock at a specified price within a specified time in return for receiving the payment of a premium.

Any use of derivatives for efficient portfolio management and options for investment purposes will be made on the basis of the same principals of risk spreading and diversification that apply to the company's direct investments.

Martin Currie Investment Management Limited, registered in Scotland (no SC066107) **Martin Currie Fund Management Limited**, registered in Scotland (no SC0104896). Registered office: Saltire Court, 20 Castle Terrace, Edinburgh EH1 2ES.

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Both companies are authorised and regulated by the Financial Conduct Authority. Please note that calls to the above number may be recorded.

MANAGER'S BIOGRAPHY

Mark Whitehead

Mark joined Martin Currie as Head of Income in November 2015. He manages Securities Trust of Scotland and co-manages the Martin Currie Global Equity Income strategy. Previously, Mark worked at Sarasin & Partners where he constructed and managed a range of income, balanced, growth, and absolute return portfolios; he became Lead Manager for their thematic funds in the Global Dividend Range in 2007, and latterly was appointed Head of Equity Income from 2010. Before Sarasin & Partners, he was a portfolio manager at stockbroker Capel Cure Sharp. Mark started his investment career at NatWest Stockbrokers in 1998 and is a member of the Chartered Institute for Securities & Investment (CISI).

WEBSITE

The Company has its own website at www.securitiestrust.com

There you will find further details on Martin Currie, daily share prices (and associated risks), and you can access regular videos by the manager.



www.securitiestrust.com

