



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 Jul	31 Aug
Information technology	22.9%	23.8%
Communication services	14.4%	14.8%
Consumer staples	12.6%	12.5%
Industrials	11.1%	11.7%
Financials	10.9%	11.4%
Materials	10.8%	10.9%
Healthcare	9.6%	9.1%
Real Estate	7.1%	6.9%
Utilities	5.0%	4.8%
Consumer discretionary	4.6%	3.5%
Cash	3.6%	3.0%
Active Options Exposure [‡]	0.8%	-
Gearing*	(12.6%)	(12.4%)

Regional allocation

	31 Jul	31 Aug
North America	46.8%	47.5%
Europe	42.8%	42.8%
Emerging Markets	13.7%	13.2%
Asia Pacific ex Japan	5.8%	5.9%
Cash	3.6%	3.0%
Active Options Exposure [‡]	0.8%	-
Gearing*	(12.6%)	(12.4%)

Top 10 holdings

(42.8% of total portfolio)

Microsoft	6.8%
Taiwan Semiconductor	5.6%
Koninklijke DSM	4.6%
Sanofi	4.2%
Samsung Electronics	4.0%
Verizon Communications	3.7%
Crown Castle	3.7%
Tencent Holdings	3.6%
Air Products & Chemicals	3.3%
Broadcom	3.3%

Number of holdings	38
Number of countries	13

Key facts

Total net assets	£203.4m
Share price (p)	182.5
Net asset value per share (p)	195.5
Discount (premium)	6.6%
Historic net yield [†]	3.5%
Active Options Exposure [‡]	-

PERFORMANCE

Cumulative performance over periods to 31 August 2020

	One month	Three months	Six months	One year	Three years	Five years
Share price	(1.9%)	(1.4%)	(1.5%)	0.4%	18.4%	66.3%
NAV	1.9%	7.8%	5.7%	0.9%	18.2%	69.8%
Peer group [^]	2.2%	2.0%	2.8%	(2.9%)	7.9%	51.2%

[^]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 Q2 2020	To end Q2 2019	To end Q2 2018	To end Q2 2017	To end Q2 2016
Share price	2.8%	19.5%	2.6%	19.4%	16.9%
NAV	2.4%	11.3%	4.5%	16.6%	17.9%

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

The portfolio's largest position Microsoft continues to perform well. While there was no specific catalyst for the strong performance during August, it remains a beneficiary of increased adoption of working from home, as its productivity suite and 'Teams' products help organisations to allow employees to be productive while working remotely. US multinational power management company Eaton has also continued to perform well following strong second-quarter results at the end of July despite the difficult operating environment. Meanwhile, US semiconductor producer Broadcom was another positive as sales related to hyperscale data and cloud customers were expected to continue to be robust in advance of its earnings report in early September.

On the other side, Philips was a drag on portfolio performance after the US HHS (Health and Human Services) cancelled part of its ventilator contract (signed in April as part of a response to Covid-19). This led to the company slightly paring back its margin assumptions for the balance of the year. Elsewhere, although results for the US technology multinational Cisco were above market expectations, the company signalled that its recovery was likely to be more drawn out than previously thought as corporates deferred spending decisions, especially regarding networking hardware. Samsung Electronics fell slightly during August as expectations around the rate of a pricing

rebound in some of its key end markets, such as memory, were pushed out to 2021.

In terms of portfolio activity, we sold our position in Leggett & Platt, which is exposed to the auto and bedding end markets, as we believed that a recovery in these end markets was being fully reflected in the shares after a sharp recovery from the market lows seen in March.



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 31 August 2020. 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 104,046,075

BOARD OF DIRECTORS

John Evans (chairman) 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 2020[§] 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
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
2020	168.5p	162.7p	(3.6%)	6.41p

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.

Morningstar Rating for Funds

Morningstar rates funds from one to five stars based on how well they've performed (after adjusting for risk) in comparison to similar funds. Within each Morningstar Category, the top 10% of funds receive five stars, the next 22.5% four stars, the middle 35% three stars, the next 22.5% two stars, and the bottom 10% receive one star. Funds are rated for up to three time periods—three-, five-, and 10 years—and these ratings are combined to produce an overall rating. Funds with less than three years of history are not rated. Ratings are objective, based entirely on a mathematical evaluation of past performance. They're a useful tool for identifying funds worthy of further research, but shouldn't be considered buy or sell recommendations.

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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

