



Left to right:
Iain Harding, Alan Jamieson,
Sherry-Ann Sweeting and
Sarah Monaco.

THE SCOTTISH INVESTMENT TRUST

The Scottish Investment Trust is one of the largest investment trusts in the UK. Launched in 1887, it is one of the few trusts which have remained independently managed, thus allowing the management to follow a focused approach to investing. This has enabled SIT to provide a consistently good performance for its investors – with an average annual return over the last fifty years of 16.9%.

WHY INVEST IN SIT?

Over the past five years SIT has outperformed the average investment trust, equity unit trust and building society.

The Scottish Investment Trust provides investment products for a wide range of investors. These have the flexibility to accommodate investors' requirements – be it a large lump sum or a small amount saved on a regular basis or a combination of both. The PEP Transfer and the Mini and Maxi ISAs facilitate tax free savings.

The Scottish Investment Trust can be used for a number of savings requirements such as helping to pay off your mortgage or to supplement your retirement income. Furthermore, it is an ideal way for investing on behalf of a child with a view to providing a nest egg for the child's future. Investing in SIT can also be used to help save for expenses – such as school and university fees, a deposit on a first home, a wedding or a business start up.

SIT SAVINGS PRODUCTS

SIT's wholly-owned subsidiary, SIT Savings Limited, offers investors access to our ordinary stock units through a number of cost effective plans:

SIT's savings scheme—**STOCKPLAN**—has amongst the lowest charges of any investment trust savings schemes on offer. Unlike many other schemes, there is no initial charge, no annual management fee and, with a selling charge of only £10 + vat, it provides a very cost effective investment plan. There is considerable flexibility built into the scheme, allowing any combination of minimum regular investments from only £25 per month or lump sum investments from £250. There is no maximum investment limit and you can stop and start at any time.

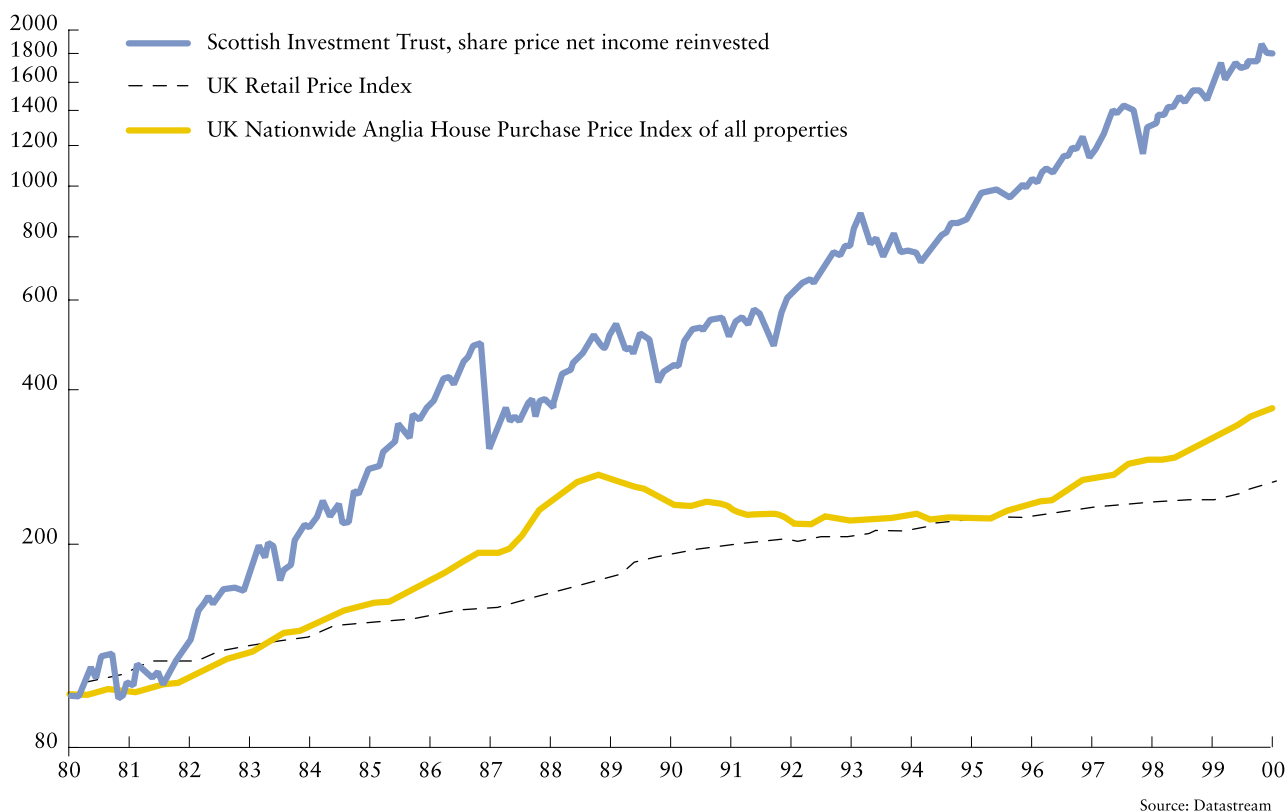
SIT's tax-free individual savings account – **The SIT ISA** – is again one of the most competitive schemes available. There is no initial charge, no charges are incurred for closure or for withdrawals (providing the remaining balance is £500 or more) and there is no annual management fee until 6 April 2001 when it will be just 0.6% capped at £30 (+ vat) p.a. Both Mini and Maxi equity ISAs are available.

SIT's Personal Equity Plan – **The SIT PEP** – also has one of the lowest charging structures available, with an annual fee of only £30 (+ vat). This annual fee remains fixed regardless of the number of PEPs held. Although PEPs are now ring-fenced, and no further investment is allowed, existing investments may continue to grow tax-free and transfers between qualifying PEP managers are allowed. There is no entry charge for transferring an existing general PEP to the Scottish Investment Trust in order to benefit from The SIT PEP's low costs and consistent performance.

All schemes provide automatic reinvestment of dividends, but also allow for dividends to be taken as income if required.

TWENTY YEAR TOTAL RETURN

How an investment in SIT has performed relative to UK inflation and UK house prices.



PERFORMANCE COMPARISONS

How an investment in SIT has performed relative to other forms of collective investment.

| Periods to 31 October 2000 | Note | £100 | | | £200 |
|----------------------------|------|--------|---------|---------|------|
| | | 1 YEAR | 3 YEARS | 5 YEARS | |
| SIT- NAV | 1 | 114 | 152 | 202 | |
| SIT- Share Price | 1 | 114 | 152 | 200 | |

PERFORMANCE OF THE AVERAGE

| | | | | |
|---|---|-----|-----|-----|
| Investment Trust - Share Price | 1 | 119 | 150 | 174 |
| Global Growth Inv. Trust - Share Price | 1 | 117 | 153 | 194 |
| Equity Unit Trust | 2 | 110 | 141 | 176 |
| Global Growth Unit Trust | 3 | 113 | 149 | 179 |
| International Insurance Fund | 3 | 110 | 141 | 162 |
| Individual Pension Fund - International | 3 | 114 | 149 | 176 |

Notes

1 NAV/share price with net income reinvested based on AITC figures adjusted for notional expenses of 2½%.

2 Offer to bid, net income reinvested. Source: AITC.

3 Offer to bid, net income reinvested. Source: Money Management December 2000.

The figures show the total return on £100 invested at the beginning of the period including net income reinvested and allowing for notional expenses of buying and selling.

SHARE EXCHANGE FACILITY

SIT Savings offers a low cost share exchange facility through which most UK equities and gilts may be exchanged into STOCKPLAN or The SIT ISA.

HOW CAN I MONITOR MY INVESTMENT?

SIT's share price, together with performance information and product details can be found on SIT's web site:

www.sit.co.uk

The price of ordinary stock units is also published daily in most quality broadsheet newspapers and is available on the FT Cityline telephone service 0336 433953 or 0891 433953. Share price information is also available on Ceefax page 231 and Teletext page 537, listed as Scot.IT. A number of financial web sites, such as the FT web site www.ft.com and Trustnet www.trustnet.co.uk also carry share price information.

The Scottish Investment Trust issues weekly net asset value information on its web site. An interim report is issued in June of each year, with the annual report being distributed to all investors in late January.

STOCKPLAN, PEP and ISA investors receive twice yearly statements of their holdings, and SIT's investor newsletter is issued twice yearly.

Investors who hold ordinary stock in their own name on SIT's share register can check their holding, as well as access some administrative facilities, at our Registrars' web site www.cshare.co.uk or computershare.com or through the link on our web site. Please note that to access this facility investors will need to quote the reference number shown on their stock certificate. Dividends can be automatically reinvested by joining our dividend reinvestment plan. Details are available from the company's Registrar on telephone number 0870 702 0010.

STOCKHOLDERS' MEETINGS

Investors whose names appear on the main stock register are entitled to attend and vote at the AGM and other general meetings without taking any further action. Notices of meetings and proxy cards are sent to their registered addresses.

STOCKPLAN, PEP and ISA investors are also entitled to attend and vote but, as their holdings are registered in the name of a nominee, they need to forward their instructions in writing to the relevant administrator—Bank of Scotland for PEP and ISA investors, The Bank of New York Europe Limited for STOCKPLAN investors—to arrive no later than seven working days before the meeting. The administrators' addresses can be found on page 40.

PERSONAL TAXATION

Income Tax

Currently, all UK dividends are paid to stockholders net of a tax credit of 10%. Changes to the tax regime mean that from April 1999 non tax payers are no longer able to reclaim the tax credit. It is currently only reclaimable by PEP and ISA managers on behalf of their investors on dividends paid before April 2004. Non ISA and PEP stockholders liable to higher rates of tax will be assessed for any additional tax through their annual returns.

Capital Gains Tax (CGT)

Investment trusts currently pay no CGT on gains made within the portfolio. When investors sell all or part of their holdings, they may be liable to CGT. Currently the first £7,200 pa of such gains from all sources is exempt.

Up to 5 April 1998 the cost of investments for CGT purposes was adjusted to allow for inflation. However from 6 April 1998 this indexation was replaced by a taper relief, and from this date chargeable gains will be reduced in line with the length of time the investment has been held.

For investors who purchased stock prior to 31 March 1982 the cost for CGT purposes may be based on the price on that date of 41.472p.

Investors who are in any doubt as to their liability for CGT should seek professional advice.

ISA and PEP investments will continue to remain exempt from CGT.

Further details

Existing investors with administrative queries can contact the relevant administrator direct by using the helpline numbers listed on page 40.

For written details on any SIT scheme or product offer please visit our web site: www.sit.co.uk or contact:

SIT Investor Relations
SIT Savings Limited
Freeport EH882
Edinburgh EH2 0BR
Telephone: 0800 42 44 22
Facsimile: 0131 226 3663
E-mail: heather@sit.co.uk

Please remember that we are unable to offer individual investment or taxation advice. If you require such advice, you should consult your professional adviser. SIT Savings Limited is regulated by the Personal Investment Authority (PIA). Past performance is no guarantee of future returns and the capital value of units (and the income from them) may fall as well as rise and is not guaranteed. An investor may not get back the amount originally invested.