

2 The Company

COMPANY DATA
as at 31 October 2001

TOTAL ASSETS
£1,130.4 million

STOCKHOLDERS' FUNDS
£908.1 million

MARKET CAPITALISATION
£810.7 million

POLICY and OBJECTIVES

The Scottish Investment Trust (SIT) aims to provide investors with above average returns through a diversified portfolio of international equities and to achieve, over the long term, asset growth in excess of the company's stated benchmark and dividend growth ahead of UK inflation.

RISK

SIT's portfolio is invested over a range of industries and is diversified on a geographical basis so that risk is lowered. It regularly employs borrowed money to invest in equities with the objective of improving overall returns. The use of borrowings magnifies market movements both up and down.

BENCHMARK

The company's benchmark is made up of 50% FTSE Actuaries UK All-Share Index™ and 50% FTSE World ex UK Index Series™. This benchmark was changed in November 1997 from a purely UK index to reflect more fully the international spread of the company's investment activities.

MANAGEMENT

The company is managed by its own employees led by Ian McLeish and Donald Ness who are responsible to the directors for all aspects of the day to day management of the company. No other funds are managed leaving the managers free to concentrate exclusively on the company's affairs.

CAPITAL STRUCTURE

At 31 October 2001 the company had in issue 225,810,092 ordinary stock units and long term debt amounted to £222.3m.

MANAGEMENT COSTS

The total costs of managing the company's business last year were £4,821,000 equivalent to 0.43% of average stockholders' funds. The company aims to keep this percentage low in comparison to competing investment products.

ISA/PEP

The ordinary units are fully eligible for both ISAs and PEPs. Details of the schemes run by the company are on page 20.

AITC

The company is a member of The Association of Investment Trust Companies.