

# Investor Information

## Marketing

The integrated marketing strategy of SIT Savings Ltd, a subsidiary of The Scottish Investment Trust PLC (SIT), has been developed to encourage investment into SIT Savings' products. Using a mix of advertising, PR, a comprehensive range of literature, the internet, direct mail, AITC roadshows and ongoing product development, SIT aims to provide high levels of service and communication. A priority is to offer low cost, simple, transparent investment products with the flexibility and accessibility to fulfil investor requirements. SIT's global investment strategy spreads risk and allows access to long term investment opportunities to benefit investors.

## How to Invest

You can buy stock using the simple, low cost investment products outlined below.

**STOCKPLAN** – SIT's savings and investment scheme – is one of the lowest charging investment trust savings schemes available. Extremely flexible, it allows minimum regular investments from only £25 per month and/or lump sum investments from £250. There is no maximum investment limit and you can stop and start at any time.

**STOCKPLAN: A Flying Start**, is SIT's Investing for Children scheme. Based on STOCKPLAN, it benefits from the same low charges and flexibility. It can now be opened in one of two ways, either as a designated plan or, more formally, as a bare trust. A Flying Start enables family and friends to invest on behalf of a child to help build savings for the future.

**The SIT ISA** is one of the most competitively priced ISAs on offer. Other than stamp duty, there are no initial or withdrawal plan charges. The annual management fee is capped at £30 + VAT regardless of how much your ISA investment grows or how many years ISA allowances you invest with SIT.

**The SIT PEP** also has one of the lowest charging structures around, with an annual fee of only £30 + VAT again regardless of the number of SIT PEPs held or the value of the investment.

Stock can also be bought directly on the stockmarket through a stockbroker or a bank, lawyer, accountant or other professional adviser.

All of SIT's schemes provide automatic reinvestment of dividends, but also allow for dividends to be taken as income if required. Stockholders whose names are on our stock register can have their dividends reinvested by joining our dividend reinvestment plan. Details are available from Computershare, our Registrar, on 0870 702 0010 or from our website, [www.sit.co.uk](http://www.sit.co.uk)

Investors in The SIT ISA and The SIT PEP who do not wish to receive contract notes for every transaction on their account should contact the ISA/PEP

Administrator – Halifax Share Dealing – on 0845 850 0181. All investors will continue to receive six monthly statements on their ISA/PEP accounts.

On 6 April 2004 the tax credit attached to ISA and PEP dividends ceased to be reclaimable by ISA and PEP managers on behalf of their investors. However investment in ISAs and PEPs continues to be free from any capital gains tax. Higher rate tax payers are not required to pay any additional tax on the dividend, nor does a PEP or ISA need to be included in a tax return.

## How Can I Monitor My Investment?

SIT's stock price, together with performance information and product details can be found on SIT's web site: [www.sit.co.uk](http://www.sit.co.uk)

The price of ordinary stock units is published daily in most quality newspapers and is also available on Ceefax and Teletext, listed as Scot.IT. In addition, a number of financial websites, such as the FT website, [www.ft.com](http://www.ft.com) and Trustnet, [www.trustnet.com](http://www.trustnet.com) carry stock price information.

The Scottish Investment Trust publishes a weekly NAV and a monthly statement 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 December.

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

SIT's ISA and PEP investors may view their accounts online through the links in the ISA and PEP sections of our website or by visiting [www.halifax-online.co.uk](http://www.halifax-online.co.uk). Please note you will need your Share Dealing Personal Reference Number (PRN) and Personal Identification Number (PIN) to access this service. If you do not have either of these, please contact the PEP and ISA administrator, Halifax Share Dealing, on 0845 850 0181.

Investors who hold ordinary stock in their own name on SIT's stock register can check their holdings on our Registrar's website [www.computershare.com](http://www.computershare.com) or through the link on our website. Please note that to access this facility investors will need to quote the reference number shown on their stock certificate.

## Important Notice for SIT PEP and ISA investors

Please note the contact/helpline number for The SIT PEP and ISA administrator, Halifax Share Dealing (HSDL) has changed.

It is now **0845 850 0181**.

This number should be used for any account queries, requests for valuations or information about your

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PEP or ISA, to give change of address details or for help with accessing PEP and ISA information on line.

## Electronic communications

If you are a name on register stockholder (i.e. not in the PEP, ISA or STOCKPLAN schemes) you may choose to receive our interim and annual reports and other stockholder communications electronically instead of in paper form. All you need to do to register is to visit the link on our website at [www.sit.co.uk](http://www.sit.co.uk) and provide your email details. You will then be advised by email when an electronic communication is available to be accessed.

## Stockholders' Meetings

Investors whose names appear on the main stock register are entitled to attend and vote at the AGM and other general meetings. Notices of meetings and proxy cards are sent to their registered addresses. STOCKPLAN, A Flying Start, PEP and ISA investors are also entitled to attend and vote on a poll by completing the form of direction enclosed with this report and returning it to the address shown to arrive no later than seven working days before the meeting. The AGM will be held at the Roxburghe Hotel, Charlotte Square, Edinburgh on 28 January 2005 at 11.00 am.

## Changes to the ISA rules

**These changes affect investors who hold an insurance ISA along with a stocks and shares ISA, such as The SIT ISA, or a cash ISA.**

**On 6 April 2005 the ISA rules are changing.** From that date you will still be able to hold an insurance policy in your ISA but the separate mini insurance ISA will end and instead, depending on the type of insurance policy you hold, your policy will now qualify for either the:

- Mini ISA Cash Component – with an unchanged limit of £3,000
- Mini ISA Stocks and Shares Component – with an increased limit of £4,000; or
- Maxi ISA – with a limit of £7,000

If you currently pay into an ISA insurance policy it will be possible to continue paying into that policy after 5 April 2005 **BUT** if you also subscribe to either a mini cash or a mini stocks and shares ISA you may have to re-arrange your savings.

Please remember The SIT ISA is a stocks and shares ISA. It can be held as either a Mini or a Maxi ISA. It will be possible to transfer an Insurance ISA which falls into the stocks and shares ISA into The SIT ISA.

## 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.

Non PEP and ISA stockholders liable to higher rates of tax will be assessed for any additional tax through their annual tax return.

## 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 £8,200 p.a. 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.

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

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 authorised and regulated by the Financial Services Authority (FSA).

## Risk Warning

Past performance is no guarantee of future returns and the capital value of stock units and the income from them can go down as well as up as a result of market and currency fluctuations and cannot be guaranteed. An investor may not get back the amount originally invested. The Scottish Investment Trust PLC has a long term policy of borrowing money to invest in equities in the expectation that this will improve returns for SIT shareholders. However, if markets fall borrowings will magnify losses. Investment in SIT is intended as a long term investment. Taxation levels, bases and reliefs are subject to change and may depend on individual circumstances.

## Further Details

For further information and brochures of any SIT products please visit our website: [www.sit.co.uk](http://www.sit.co.uk) or contact:

SIT Investor Relations  
SIT Savings Limited  
Freepost EH882  
Edinburgh EH2 0BR  
Telephone: 0800 42 44 22  
Fax: 0131 226 3663  
Email: [heather@sit.co.uk](mailto:heather@sit.co.uk)