

# INFORM

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## The SIT SIPP

The SIT SIPP is a flexible pension product which offers:

- an extensive investment choice including international equities
- real-time online dealing
- a competitive charging structure
- tax-efficiency

Investors can contribute to a SIT SIPP even if they are already an active member of an employer's pension scheme or are contributing to other pension plans.

A SIT SIPP can also be set up for a child and/or a non-earning spouse or partner.

For more information please visit our website: [www.sit.co.uk](http://www.sit.co.uk)

AIC Category	Global Growth
Total Assets	£754 million
Cum-Income NAV with borrowings at par	562.8p
Cum-Income NAV with borrowings at market value	548.7p
Ex-Income NAV with borrowings at par	557.9p
Ex-Income NAV with borrowings at market value	543.8p
Share Price	493.0p
Discount to Ex-Income NAV with borrowings at market value	9.3%
Effective Equity Gearing	106%

### NAV and Share Price Total Return on £100

	1 year	5 years	10 years
Ex-Income NAV with borrowings at par	118	130	149
Share Price	118	130	156

Net income reinvested and before expenses are deducted.

### Performance over the Quarter 30 April 2011 - 31 July 2011 (%)

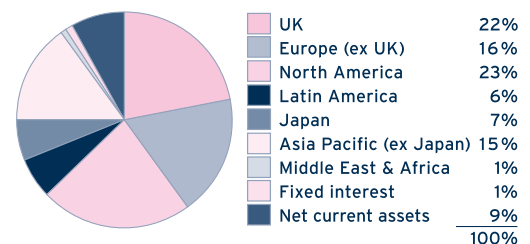
Cum-Income NAV with borrowings at par	-3.5
Cum-Income NAV with borrowings at market value	-4.1
Share Price	-4.3
FTSE All-World Index™	-4.4
UK FTSE All-Share Index™	-4.1

### Top 10 Holdings

as % of total assets

1	Apple - us	2.6
2	McDonald's - us	2.0
3	BT - UK	1.6
4	Daito Trust Construction - Japan	1.5
5	Spectris - UK	1.5
6	Kia Motors - South Korea	1.5
7	Sega Sammy - Japan	1.4
8	Chevron - us	1.4
9	Atlas Copco - Sweden	1.4
10	CIMB - Malaysia	1.3

### Geographical Distribution of Total Assets



### Standardised Past Performance

Last price to last price with net income reinvested and before expenses are deducted. % growth year to 31 July	2007	2008	2009	2010	2011
<b>The Scottish Investment Trust</b>	<b>18.3</b>	<b>-4.7</b>	<b>-13.6</b>	<b>13.5</b>	<b>17.5</b>

Total assets means total assets less current liabilities.

NAV is net asset value per share after deducting borrowings at par or market value, as stated.

Ex-income NAV is the NAV excluding current year revenue.

Borrowings at par is the nominal value of the company's borrowings less any unamortised issue expenses.

Borrowings at market value is the company's estimate of the "fair value" of its borrowings. The current estimated fair value of the company's secured bonds is based on the redemption yield of the reference gilt plus a margin of 100 basis points (1 percentage point). The reference gilt is the 6% Treasury Stock 2028.

Discount is the difference between the market price of a share and the NAV expressed as a percentage of the NAV.

Gearing is the term used to describe the process of borrowing money for investment purposes in the expectation that the returns on the investments purchased will exceed the cost of those borrowings.

Effective equity gearing is the true geared position of the company: shareholders' funds (excluding current year revenue) + borrowings at par - fixed interest investments - net current assets, expressed as a percentage of shareholders' funds.

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# Review of World Equity Markets - 3 months to 31 July 2011

- Global stockmarkets were weak over the quarter as long-standing concerns regarding excessive sovereign debt were exacerbated by weaker than expected economic data in several important economies. Investors were particularly unsettled by deteriorating prospects for heavily indebted countries within the eurozone and a politically charged debate within the US regarding an upward revision to the federal debt ceiling.
- The FTSE All-World Index™ fell by 6.0% in local terms and by 4.4% in sterling terms. SIT's NAV with borrowings at par fell by 3.5%, while the share price fell by 4.3%.
- In local terms, all regional markets fell over the period. As a focus of concern, Europe (ex UK) (-10.2%) was the worst performing region, followed by Latin America (-7.7%), North America (-5.5%), the Middle East & Africa (-5.4%), Asia Pacific (ex Japan) (-4.8%), UK (-4.3%) and Japan (-1.7%) which fell the least. Sterling was flat in trade-weighted terms, although it was noticeably weak against the yen. Reflecting this, regional performance in sterling terms was similar although Japan (+5.0%) was significantly superior.
- Sector performance reflected a weak period in the stockmarket as investors sought to avoid economically-sensitive sectors. Consumer Goods (+1.1%) and Health Care (+0.6%) produced modestly positive returns, in contrast to Financials (-8.0%), Industrials (-7.1%) and Oil & Gas (-6.1%) which performed especially poorly.
- In major developed markets, 10 year government bond yields fell heavily (bond values rose) over the period, however the yields on peripheral European debt rose substantially. Although index-linked bond yields continued to suggest muted inflation expectations, inflation-sensitive gold rose by 6% to \$1,624 per troy ounce.
- Industrial commodity price performance was mixed over the quarter. Oil fell by 7% to \$118 per barrel (Brent), although industrial metals, such as copper (+6%) rose. Agricultural commodity price performance was generally weak, although sugar (+21%) rose strongly.
- In the UK, economic data was generally weak, most notably Q2 GDP increased by just 0.2% (Q/Q) although the royal wedding and the supply chain impact of the Japanese disaster were possible distorting factors. June CPI inflation moderated slightly from the previous month but, at 4.2%, was more than twice the official target. Interest rates were held at 0.5% as the Bank of England continued to believe inflationary pressures were transient.
- In the eurozone, economic data was overshadowed by a loss of confidence in the government finances of heavily indebted nations. Rising bond yields forced Greece and Portugal to accept a bailout package, while Italy and Spain also saw a sharp rise in their borrowing costs. Late in the period, a tentative political agreement allowed the European Central Bank (ECB) to purchase market traded sovereign debt. Separately, the ECB signalled a concern with regard to the prospects for inflation and raised interest rates by 0.25% to 1.5%.
- In the US, politics also took precedence over economic data as the rival parties conducted protracted negotiations over an increase in the federal debt ceiling before reaching an agreement at the last opportunity. This brinkmanship unsettled investors as it implied a lesser political appetite for stimulus measures. The debate also caused Moody's, a credit rating agency, to place US government debt on 'negative watch', a precursor to a possible downgrade. Economic data showed signs of moderation, as Q2 GDP rose a less than expected 1.3% (Q/Q annualised) and June unemployment rose to 9.2%.
- In Asia Pacific (ex Japan), growth remained strong but increased inflation drew a further response from policy makers. However, comments from the Chinese premier suggested that inflationary pressures may be close to a peak, which could allow a hiatus in monetary tightening. China, India, Malaysia and Taiwan raised interest rates during the quarter.
- In Japan, following the devastating earthquake, tsunami and nuclear accident, industrial production figures suggested a recovery that would be quicker than initial estimates, helped by the important automotive sector. Second quarter real GDP at -1.3% (Y/Y annualised) was also better than expected.

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Please contact us for information on the following:

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- STOCKPLAN Investment Trust Savings Scheme
- The SIT ISA
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- Investing for Children - STOCKPLAN: A Flying Start
- Share Exchange
- Annual and Interim Reports

**SIT FactFile** Established - 1887 • Year end - 31 October • Accounts published: Annual - December, Interim - June  
Annual General Meeting - January • Manager - John Kennedy

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 The Scottish  
Investment Trust PLC