

INFORM

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2010 Final dividend

The Scottish Investment Trust PLC 2010 final dividend of 5.60p was paid on 7 February 2011, bringing the total dividend for the year to 10.05p per share. This was an increase of 4.7% year-on-year (2009: 9.60p) which compares with the October CPI inflation of 3.2% and RPI inflation of 4.5%.

SIT has increased its dividend in each of the last 27 years and it is a stated objective of the company to increase the dividend by more than the UK rate of inflation over the longer term.

AIC Category	Global Growth
Total assets	£765 million
Cum-Income NAV with borrowings at par	561.0p
Cum-Income NAV with borrowings at market value	553.9p
Ex-Income NAV with borrowings at par	559.7p
Ex-Income NAV with borrowings at market value	552.6p
Share price	498.5p
Discount to ex-income NAV with borrowings at market value	9.8%
Effective Equity Gearing	105%

NAV and Share Price Total Return on £100

	1 year	5 years	10 years
Ex-Income NAV with borrowings at par	121	130	131
Share price	120	129	135

Net income reinvested and before expenses are deducted.

Performance over the Quarter 31 October 2010 - 31 January 2011 (%)

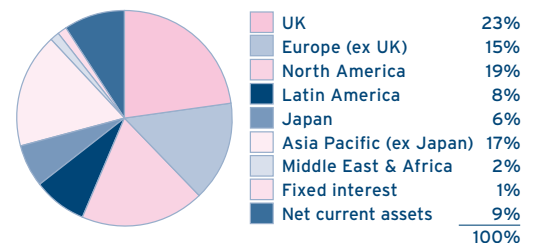
Ex-Income NAV with borrowings at par	6.1
Ex-Income NAV with borrowings at market value	7.2
Share price	6.2
FTSE All-World Index™	5.9
UK FTSE All-Share Index™	3.7

Top 10 Holdings

as % of total assets

1	Apple - US	3.7
2	Li & Fung - Hong Kong	2.3
3	BP - UK	2.0
4	Serco - UK	1.8
5	McDonald's - US	1.7
6	Tencent - Hong Kong	1.7
7	Kia Motors - South Korea	1.7
8	Komatsu - Japan	1.5
9	Atlas Copco - Sweden	1.4
10	América Móvil - Mexico	1.4

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 January	2007	2008	2009	2010	2011
The Scottish Investment Trust	9.9	2.2	-18.9	17.5	20.5

NAV is net asset value per share. In line with our reporting policy, the NAVs are calculated taking the valuation of investments at closing bid or last price, as the case may be. The latest NAVs are unaudited. "Borrowings at par" is the nominal value of the 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. "Total assets" means total assets (cum-income) less current liabilities. Gearing is based on ex-income figures with borrowings at par. All sources SIT unless otherwise stated. Industry Classification Benchmark (ICB): Source and copyright © FTSE International Limited and Dow Jones & Company, Inc. All rights therein reserved.

Past performance is not a guide to future performance. The value of shares and the income from them can go down as well as up as a result of market and currency fluctuations. You may not get back the amount you invest.

Review of World Equity Markets - 3 months to 31 January 2011

- Global stockmarkets enjoyed a strong quarter, driven by further fiscal stimulus in the US, better than expected US economic data and diminished concerns regarding European periphery sovereign debt. Emerging markets lagged as higher inflation prompted monetary tightening in this region, while investors were unsettled by civil unrest in Egypt and Tunisia.
- The FTSE All-World Index™ rose by 6.1% in local terms and by 5.9% in sterling terms. SIT's ex-income NAV with borrowings at par rose by 6.1%, while the share price rose by 6.2%. Latin America was the only regional market that did not rise in local terms, falling by 2.3%. Japan and North America were both noticeably strong, rising 11.8% and 8.4% respectively. In sterling terms, returns were broadly similar although currency weakness in the Middle East & Africa caused a fall of 2.8%, while a weak yen reduced Japanese returns to 9.7%.
- Nine of the ten industry groups comprising the FTSE All-World Index rose over the quarter, with only a marginal fall from the tenth, Telecommunications. Sector performance reflected the strong market with more economically-sensitive sectors delivering the best performance. Oil & Gas rose 16%, driven by the oil price, while companies in Industrials (+11%) and Technology (+9%) reflected a strong operating environment. In contrast, more defensive industries were laggards as Telecommunications fell 0.3%, Utilities rose 0.1% and Health Care rose 0.9%.
- In major developed markets, ten year government bond yields rose appreciably over the quarter. Some observers have interpreted this as a definitive signal of an increase in inflationary expectations while others considered it a simple normalisation from extremely low levels. Index-linked bond yields continue to suggest muted inflation for an extended period while gold fell by 1%.
- Commodities performed strongly over the quarter, oil rose by 20% to \$99.5 per barrel (Brent) while copper rose by 19%. A number of agricultural commodities also rose strongly - of particular concern to policymakers in some emerging markets as basic foodstuffs account for a substantial proportion of a low income consumption basket.
- In the UK, economic growth unexpectedly stalled as GDP fell by 0.5% (Q/Q), although much of the fall was attributable to disruptive weather in December. CPI Inflation remained above the government's target in December at 3.7% (Y/Y) but the Bank of England continues to believe the pressures are transient. The above factors, combined with a New Year VAT rise, caused a large fall in consumer confidence.
- In the eurozone, the German economy remained strong, with little improvement in the weak peripheral economies. German Q3 GDP grew at 0.7% (Q/Q), while GDP in Greece was negative and flat in Spain. In Germany, unemployment stood at 7.5%, in contrast to 14% in Greece, 13% in Ireland, 11% in Portugal and 20% in Spain. Concerns regarding a peripheral sovereign default diminished, particularly as it became clear that the scope and scale of the European Financial Stability Fund could be expanded.
- In the US, the major news was the stimulatory impact of an extension of a package of tax cuts and unemployment benefits. Annualised Q4 GDP data provided evidence of an improving economy with an increase of 3.2% but the unemployment rate remains high at 9.4%. Growth remained strong in Latin America although inflationary concerns caused Brazil to raise interest rates by 50 basis points to 11.25%.
- In Asia Pacific (ex Japan), economies remained strong but rising inflation prompted authorities in China, India, South Korea, Taiwan and Thailand to raise interest rates and in some cases to enact other measures to cool economic activity. Investors were concerned that such policies would dampen future growth and although the regional index rose as a whole, prominent Asian markets fell heavily.
- In Japan, the economy showed some modest signs of improvement; Q3 GDP increased by 1.1% (Q/Q), while the coincident index, a measure of current economic conditions, improved over the quarter. However, the risk of deflation remains, with a December inflation of 0% (Y/Y).

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Please contact us for information on the following:

- The SIT SIPP
- STOCKPLAN Investment Trust Savings Scheme
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- 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