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## SIT results for the six months to 30 April 2010

- Ex-income NAV with borrowings at market value rose by 15.3%
- Share price rose by 15.7%
- Interim dividend was maintained at 4.45p
- Lower sterling exposure in recent years was helpful
- Timely deployment of gearing added to NAV performance
- No direct exposure to eurozone periphery countries
- NAV ahead of both UK and global comparator indices since January 2004

In the six months to 30 April 2010, the ex-income net asset value per share (NAV) rose by 15.3% with borrowings at market value (+16.6% on a total return basis). The share price rose by 15.7% (total return +17.1%) and narrowed the discount to 8.6% from 8.9% at the year end. In sterling terms, the UK FTSE All-Share Index™ rose by 10.8% while the FTSE All-World Index™ rose by 17.1%. The NAV performance was therefore ahead of the average of the two indices.

AIC Category	Global Growth
Total assets	£750 million
Cum-Income NAV with borrowings at par	529.8p
Cum-Income NAV with borrowings at market value	523.9p
Ex-Income NAV with borrowings at par	524.8p
Ex-Income NAV with borrowings at market value	518.9p
Share price	474.5p
Discount to ex-income NAV	8.6%
Effective Equity Gearing	110%

### Top 10 Holdings

as % of total assets

1	Serco - UK	2.4
2	Apple - US	2.2
3	Li & Fung - Hong Kong	2.0
4	McDonald's - US	1.7
5	Wal-Mart Stores - US	1.6
6	Aspen Pharmacare - South Africa	1.5
7	BHP Billiton - UK	1.5
8	Fresenius Medical Care - Germany	1.4
9	Hudson City Bancorp - US	1.4
10	América Móvil - Mexico	1.3

NAV and Share Price Performance (Total return on £100)			
	1 year	5 years	10 years
Ex-Income NAV with borrowings at par	132	160	124
Share price	120	168	139

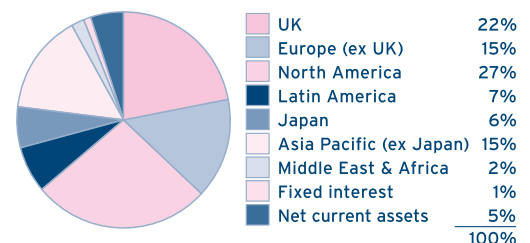
£100 invested with dividends reinvested, before expenses are deducted.

Performance 31 October 2009 - 30 April 2010 (%)	
Ex-Income NAV with borrowings at market value	15.3
Ex-Income NAV with borrowings at par	14.3
Share price	15.7
FTSE All-World Index™	17.1
UK FTSE All-Share Index™	10.8

Comparative Performance on £1,000 invested			
	1 year	5 years	10 years
The Scottish Investment Trust PLC	£1,173	£1,637	£1,356
UK Savings £25,000+ Account <sup>1</sup>	£1,004	£1,109	£1,263
Retail Prices Index <sup>2</sup>	£1,053	£1,163	£1,310

Figures are calculated with net income reinvested, where applicable. The SIT figures are adjusted to allow for all expenses of investing through SIT's STOCKPLAN Investment Trust Savings Scheme. UK Savings £25,000+ with interest reinvested net of basic rate tax. Please note that with a UK savings deposit account your capital is secure. Sources: 1 Source and copyright © Standard & Poor's. All rights therein are reserved 2 National Statistics

### Geographical Distribution of Total Assets



### Standardised Past Performance

Last price to last price net income reinvested % growth year to 30 April	2006	2007	2008	2009	2010
The Scottish Investment Trust	48.0	11.0	1.4	-16.3	20.3

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 30 April 2010

- Global equity markets made steady progress in the quarter to end April 2010 with the FTSE All-World Index™ rising 7.9% in local terms. However, for sterling investors, overseas returns were transformed by the weakness of the pound to give a sterling increase for the index of 12.3% over the quarter. The UK FTSE All-Share Index™ lagged, rising just 7.6%.
- Sterling and the euro were conspicuously weak against other currencies due to increasing concerns over the weak government finances and banking systems in these areas. Conversely, the dollar strengthened due to its status as a safe haven while currency appreciation was most marked in Latin American and Asian countries untroubled by fiscal pressures.
- Regional stockmarket returns were dominated by currency moves with Latin American and Asian currency strength converting lacklustre local returns into outperformance through double-digit returns. Strongest sterling returns came from North America (which also led in local terms) with a sterling rise of 16.0%, followed closely by Latin America (+15.5%) and Asia Pacific (ex Japan) (+15.0%). Middle East & Africa also outperformed, rising by 13.3%. By contrast, Europe (ex UK) was weak in both local and sterling terms reflecting the ongoing pressures within the eurozone and specifically, the countries on the southern continental periphery. Japan rose 10.4% while the UK lagged, rising 7.0%.
- On an industry sector view, the quarter saw leadership from cyclical sectors echoing the broad pattern of a recovery in economic indicators around the world and a strong rebound in corporate earnings. While all ten industry sectors comprising the FTSE All-World Index rose, there was a clear differentiation in relative performance terms with strongest returns coming from Industrials, Technology, Consumer Services and Basic Materials. Laggards included defensive stalwart areas such as Utilities and Health Care.
- Commodities also benefited from the positive economic backdrop throughout the period with oil rising by 20%, gold by 10%, copper by 10% and the shipping benchmark, the Baltic Dry Freight Index up strongly.
- Markets were able to rise steadily over the quarter as the economic news was broadly encouraging, albeit with the US clearly doing better than the eurozone. Policy tightening measures were confined largely to the Asia Pacific region economies including China, India, Australia and Vietnam. China's further tightening of bank reserve ratios occurred as the economy recorded growth of almost 12%. The US Fed surprised markets with a quarter percentage point increase in the discount rate at which the banks can borrow from the central bank. The Bank of England opted not to continue with the expansionary unorthodox policy known as quantitative easing (QE). Corporate profit forecasts continued to be revised up over the period with more companies being upgraded than downgraded.
- Encouraged by the improving backdrop and armed with ample cash and strong balance sheets, corporate merger and acquisition activity accelerated strongly with a number of high profile takeovers across a wide range of industries.
- However, towards the end of the period, markets started to react more visibly to the problems emerging from Greece and other indebted eurozone countries. As the plight of the Greek government finances was revealed, bond yields rose markedly which culminated in an appeal for financial assistance from eurozone partners and the IMF. Investors will be aware that these worries continued beyond the period end and caused much weaker markets in May which saw much of the gains made by global equities this quarter handed back.

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Please contact us for information on the following:

- The SIT SIPP
- STOCKPLAN Investment Trust Savings Scheme
- The SIT ISA
- ISA Transfer
- Investing for Children - STOCKPLAN: A Flying Start
- 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

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. SIT has a long-term policy of borrowing money to invest in equities in the expectation that this will improve returns and, should stockmarkets fall, such borrowings would magnify losses on these investments. The Trust can buy back and cancel its own shares. All other things being equal, this would have the effect of increasing gearing. Investment in SIT is intended as a long term investment.

SIT Savings Ltd, a wholly owned subsidiary of The Scottish Investment Trust PLC, is the plan manager of STOCKPLAN, STOCKPLAN: A Flying Start and The SIT ISA and is authorised and regulated by the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

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 The Scottish  
Investment Trust PLC