

The Scottish Investment Trust PLC
Interim Management Statement
Three Months to 31 July 2009

Objectives

To provide investors, over the longer term, with above average returns through a diversified portfolio of international equities and to achieve dividend growth ahead of UK inflation.

Review of the three months to 31 July 2009

During the third quarter, from end-April 2009 to end-July 2009, global equity markets continued the rally which commenced in mid March 2009. After a modest setback in June, global markets re-gained momentum with a strong performance over the last three weeks of July. The improved sentiment in markets during the period can be attributed to signs of an improvement in the economic outlook, stabilisation in the condition of the banking system and an improvement in future earnings expectations for companies. Against this background, sterling rose by 11.9% against the dollar, 4.6% against the euro and 8.3% against the yen.

In the three months to 31 July 2009, the ex-income NAV rose by 4.7% (with borrowings at market value). The company's principal comparator indices, the FTSE All-World Index™ and the UK FTSE All-Share Index™ rose by 5.9% and 8.3% respectively. The company's stock price fell by 4.6% to 385.8p as the stock price discount moved from a premium to ex-income NAV of 0.9% at the half-year stage to a discount of 8.0% (with borrowings at market value).

On a total return basis, the cum-income NAV with borrowings at market rose 5.8% over the period compared with 6.8% for the FTSE All-World Index and 9.4% for the FTSE All-Share Index.

On 29 May 2009, the board announced an interim dividend of 4.45p (2008 – 4.45p) per ordinary stock unit which was paid on 17 July 2009. The board also indicated an expectation that the final dividend would be at least maintained.

The company has a stock buyback policy which is intended to keep the discount to NAV at or below 9% (with borrowings at market value). Over the three months, the company repurchased for cancellation 0.1m stock units at an average discount of 9.2% and a cost of £0.3m inclusive of dealing expenses. The average daily discount over the three months was 5.2%.

Effective equity gearing ended the period at 109%, down slightly on the end-April interim level of 111% having peaked at 114% in May 2009.

On 24 July, the board announced that Mr. Russell Napier had been appointed as a non-executive director with immediate effect.

The Board is not aware of any significant events or transactions which have occurred between 31 July 2009 and the date of publication of this statement which would have a material impact on the financial position of the Company or its subsidiary undertakings.

Financial Summary

	31 July 2009 £,000s	30 April 2009 £'000s	change %
Equity investments	597,745	581,003	
Fixed interest investments	25,261	26,288	
Net current assets (cum-income)	36,342	30,892	
Total assets	659,348	638,183	3.3
Borrowings at par	(107,582)	(107,552)	
Pension liability	(350)	(350)	
Equity stockholders' funds	551,416	530,281	4.0

Cum-income NAV with borrowings at par	428.1p	411.5p	4.0
Cum-income NAV with borrowings at market value	423.3p	404.6p	4.6
Ex-income NAV with borrowings at par	424.1p	407.4p	4.1
Ex-income NAV with borrowings at market value	419.2p	400.5p	4.7
Stock price	385.8p	404.3p	-4.6
Discount/(premium) to ex-income NAV with borrowings at market value	8.0 %	(0.9%)	
Effective Equity Gearing	109.4%	110.6%	
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FTSE All-World Index TM			5.9
UK FTSE All-Share Index TM			8.3

NAV and Share Price Performance

	1 year	3 years	5 years
NAV (with borrowings at par) total return on £100	88	95	142
Share price total return on £100	86	97	158

Distribution of Total Assets

By Sector	By Region				
	31 July 2009 %	30 April 2009 %			
Oil & Gas	10.3	9.5	UK	25.0	24.5
Basic Materials	3.3	2.6	Europe (ex UK)	18.2	21.3
Industrials	20.0	20.5	North America	21.3	27.2
Consumer Goods	8.9	11.2	Latin America	6.4	3.2
Health Care	6.1	5.7	Japan	4.5	5.8
Consumer Services	8.0	9.2	Asia Pacific (ex Japan)	13.5	7.4
Telecommunications	5.3	6.7	Middle East & Africa	1.8	1.6
Utilities	1.7	3.2	Fixed interest	3.8	4.1
Financials	20.9	17.4	Net current assets	5.5	4.9
Technology	6.2	5.0		100.0	100.0
Fixed interest	3.8	4.1			
Net current assets	5.5	4.9			
	100.0	100.0			

Top Ten Holdings

Holding	Industry Sector	Country	£'000s	%
HSBC	Financials	UK	14,255	2.2
Royal Dutch Shell	Oil & Gas	UK	13,860	2.1

BP	Oil & Gas	UK	13,498	2.0
BBVA	Financials	Spain	12,312	1.9
America Movil	Telecommunications	Mexico	11,674	1.8
Petrobras	Oil & Gas	Brazil	11,131	1.7
BHP Billiton	Basic Materials	UK	10,922	1.7
McGraw-Hill	Consumer Services	US	10,455	1.6
National Oilwell Varco	Oil & Gas	US	10,229	1.6
ICBC	Financials	China	10,203	1.5

Important information

The Scottish Investment Trust PLC (SIT) is not authorised to give financial advice. This information should not be considered an offer or solicitation to deal in investments.

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.

All sources SIT unless otherwise stated.

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NAV is net asset value per ordinary stock unit.

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 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 yield of the reference gilt plus a margin of 100 basis points. The reference gilt is the 6% Treasury Stock 2028.

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

Total assets means total assets (cum-income) less current liabilities.

Gearing is based on ex-income figures with borrowings at par.

All percentage distributions are of total assets.
