

Investor Information

Marketing

The Scottish Investment Trust (SIT), through its subsidiary SIT Savings, encourages investment into its products through its integrated marketing strategy which combines advertising, PR, direct mail, the internet, AITC roadshows and ongoing development of communications to improve clarity and ease of access.

The Scottish Investment Trust

The independence of The Scottish Investment Trust enables its team of experienced managers to follow a focused approach. SIT's global investment strategy spreads risk and promotes a wide search for long term investment opportunities. As one of the largest diversified investment trusts in the UK, SIT has weathered market ups and downs and is well placed to take advantage of opportunities as they become available.

How to Invest

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

STOCKPLAN – SIT's savings scheme – is one of the lowest charging investment trust savings schemes available. There is considerable flexibility built into the scheme, allowing 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 plan. Based on the STOCKPLAN scheme it has the same low charges and flexibility of investment. A Flying Start enables family and friends to invest on behalf of a child with a view to providing a nest egg for the future.

The SIT ISA is one of the most competitively priced ISAs on offer. Other than stamp duty, there is no initial, exit or withdrawal plan charge. The annual management fee is 0.6% 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.

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



Alan Jamieson

Investor Relations
Manager
SIT Savings



Sherry-Ann Sweeting

Marketing Manager
SIT Savings



Investment Schemes

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.

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 0870 600 9966. All investors will continue to receive six monthly statements on their ISA/PEP accounts.

From 6 April 2004 the tax credit attached to UK dividends will cease to be reclaimable by PEP and ISA managers on behalf of their investors. However investment in ISAs and PEPs will continue to be free from any capital gains tax and higher rate tax payers will not be required to pay any additional tax on the dividend, nor does it 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 website: **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** and Trustnet, **www.trustnet.com** carry stock price information.

The Scottish Investment Trust publishes a weekly NAV and a monthly statement on its website. 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**. 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 0870 600 9966.

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** or through the link on our web site. Please note that to access this facility investors will need to quote the reference number shown on their stock certificate.

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 by completing the form of direction enclosed with this report and returning it to the address shown on the form to arrive no later than seven working days before the meeting. The AGM will be held at the Roxburghe Hotel, Charlotte Square, Edinburgh on 30 January 2004 at 11.00 am.



Investor Information

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. It is currently only reclaimable by PEP and ISA managers on behalf of their investors on dividends paid before 6 April 2004.

However, please note that SIT will pay its 2004 interim dividend on 31 March 2004 to ensure that the tax credit can be reclaimed where appropriate.

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

Risk Warning

Past performance is no guarantee of future returns and the capital value of ordinary stock units (and the income from them) may fall as well as rise and is not guaranteed. An investor may not get back the amount originally invested. From time to time the company will make use of borrowings which will magnify stockmarket movements both up and down. 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.

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).

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 £7,900 pa 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.

Further Details

For further information and brochures of any SIT products please visit our website: www.sit.co.uk or contact:

SIT Investor Relations
SIT Savings Limited
Freeport EH882
Edinburgh EH2 0BR
Telephone: 0800 42 44 22
Fax: 0131 226 3663
Email: heather@sit.co.uk

