

The Company

Company Data as at 31 October 2004

	STOCKHOLDERS' FUNDS	
TOTAL ASSETS	(with borrowings at par)	MARKET CAPITALISATION
£881.3 million	£733.5 million	£624.1 million

Objectives of The Scottish Investment Trust PLC (SIT)

- *To provide investors with above average returns through a diversified portfolio of international equities; and*
- *To achieve, over the long term, asset growth in excess of the company's stated benchmark and dividend growth ahead of UK inflation.*

Risk

SIT's portfolio is invested over a range of industries and is diversified on a geographical basis so that risk is lowered. It regularly employs borrowed money to invest in equities with the objective of improving overall returns. The use of borrowings magnifies market movements both up and down.

Benchmark

The company's benchmark is made up of 50% FTSE Actuaries UK All-Share Index™ and 50% FTSE World ex UK Index Series.™

Management

The company is managed by its own employees led by the manager who is responsible to the directors for all aspects of the day to day management of the company. No other funds are managed leaving the management free to concentrate exclusively on the company's affairs.

Capital Structure

At 31 October 2004 the company had in issue 208,910,518 ordinary stock units and long term borrowings at par amounted to £147.8m with an average annual interest cost of 5.9%.

Management Expenses

The total expenses of managing the company's business during the year were £4,108,000 equivalent to 0.57% of average stockholders' funds. The company aims to keep this percentage low in comparison to competing investment products.

ISA/PEP

The ordinary units are fully eligible for both ISAs and PEPs. Details of the schemes run by the company are on page 20.

AITC

The company is a member of The Association of Investment Trust Companies.