



## PROFILE

Objective	To achieve rising income and long-term capital growth by investment in global equities.
Benchmark	Peer group <sup>^</sup>
Sector	Global equity income
Launch	28 June 2005

## PORTFOLIO

Active Options Exposure means that allocations may not total 100%.

### Sector allocation

	30 Sep	31 Oct
Information technology	24.5%	20.3%
Communication services	14.8%	15.8%
Industrials	12.1%	12.1%
Consumer staples	12.7%	12.1%
Financials	10.1%	10.4%
Healthcare	9.2%	8.8%
Materials	7.2%	7.1%
Consumer discretionary	4.6%	4.7%
Real Estate	6.3%	3.7%
Utilities	2.9%	3.1%
Cash	8.3%	9.7%
Gearing*	(12.5%)	(7.8%)

### Regional allocation

	30 Sep	31 Oct
North America	49.2%	49.4%
Europe	35.2%	32.4%
Emerging Markets	13.9%	10.5%
Asia Pacific ex Japan	6.0%	5.9%
Cash	8.3%	9.7%
Gearing*	(12.5%)	(7.8%)

### Top 10 holdings

(42.0% of total portfolio)

Microsoft	6.4%
Taiwan Semiconductor	6.2%
Tencent Holdings	4.2%
Sanofi	3.9%
Verizon Communications	3.8%
Koninklijke DSM	3.8%
Crown Castle	3.7%
Broadcom	3.5%
Air Products & Chemicals	3.3%
Eaton	3.2%

Number of holdings	34
Number of countries	12

### Key facts

Total net assets	£197.8m
Share price (p)	185.5
Net asset value per share (p)	190.1
Discount (premium)	2.4%
Historic net yield <sup>†</sup>	3.4%
Active Options Exposure <sup>‡</sup>	-

## PERFORMANCE

### Cumulative performance over periods to 31 October 2020

	One month	Three months	Six months	One year	Three years	Five years
Share price	(1.3%)	0.4%	5.2%	(1.9%)	21.5%	65.0%
NAV	(2.2%)	(0.2%)	9.8%	(0.2%)	14.7%	63.1%
Peer group <sup>^</sup>	(3.5%)	(0.9%)	3.9%	(5.4%)	2.9%	43.1%

<sup>^</sup>On 1 June 2016 Securities Trust of Scotland changed from benchmarking performance against the MSCI World High Dividend Yield index to an unconstrained strategy measured against the performance of the median of the peer group described below. **Performance is shown in the table above against this new peer group across various time periods for illustrative purposes only.** Prior to adopting a global mandate on 1 August 2011 the company's benchmark was the FTSE All-Share index.

The peer group consists of the AIC Global Equity Income sector combined with actively managed ICVC, SICAV or OEIC funds from Lipper Global - Global Equity Income sector. Performance is measured against the median of this peer group.

### 12-month performance

	To end Q3 2020	To end Q3 2019	To end Q3 2018	To end Q3 2017	To end Q3 2016
Share price	(0.4%)	17.8%	7.8%	10.0%	31.4%
NAV	(0.8%)	12.7%	8.3%	12.2%	27.6%

### Past performance is not a guide to future returns.

Source: Martin Currie. The NAV basis used is cum-income in £. Please note prior to July 2017 the NAV basis used was ex-income NAV in £. Ex-income NAVs exclude current-year income, while cum-income NAVs include current-year income. These figures do not include the cost of buying and selling shares in an investment trust. If these were included, performance figures would be reduced.

## MANAGERS' COMMENTARY

Chinese internet and gaming giant Tencent was the top outperformer in absolute terms during the month. Although there was not much direct news flow on the company, the well-publicised stock market listing of fintech firm ANT Group brought attention to the fintech offerings of China's other big platforms including Tencent's TenPay; in addition, Tencent's management have also indicated an expectation for strong gaming revenue in the second half of 2020. Elsewhere, Bank OZK was another notable outperformer after reporting strong results and raising its dividend; revenue and earnings were also strong. Meanwhile, Taiwan Semiconductor Manufacturing Company also fared well. The company has continued to benefit from robust order trends as evidenced by its monthly sales trajectory and recent results. Its leading edge capacity remains in demand and it retains a significant technological lead in this area.

On the other side, French pharmaceutical firm Sanofi was the biggest drag on the portfolio's performance: despite releasing results that were ahead of expectations overall, the market focused on a disappointing revenue result. Food producer Danone also struggled during the month after reporting sales results that were slightly lower than expectations; its water business, which has a high level of sales related to 'on-the-go' consumption, continued to be impacted by pandemic restrictions. US aerospace company Lockheed Martin was another notable negative. Its third-quarter

earnings beat expectations, but sentiment was impacted by 2021 guidance which was seen as lacklustre. In our experience, however, Lockheed has previously been conservative with its guidance looking at the year ahead.



**Mark Whitehead**

<sup>‡</sup>For further information on Options please refer to Important Information overleaf.

<sup>\*</sup>The risk outlined at the end of this document relating to gearing is particularly relevant to this company but should be read in conjunction with all warnings and comments given.

<sup>†</sup>Source for historic yield: Martin Currie as at 31 October 2020. The historic yield reflects dividends declared over the past 12 months as a percentage of the mid-market share price, as at the date shown. Investors may be subject to tax on their dividends.

## CAPITAL STRUCTURE

Ordinary shares 104,046,075

## BOARD OF DIRECTORS

John Evans (chairman) Angus Gordon Lennox  
Mark Little Sarah Harvey

## KEY INFORMATION

Year end 31 March  
Annual general meeting September  
Interim dividends paid January, April, July, October<sup>#</sup>  
Ongoing charges 31 March 2020<sup>§</sup> 0.9%  
Investment management fee<sup>#</sup> 0.6% up to £200m  
0.4% over £200m  
(of net assets plus gearing)  
TIDM code STS  
Reuters code STS.L  
Sedol code B09G3N2

<sup>#</sup>From 1 April 2018.

<sup>§</sup>Percentage of shareholders' funds. Includes annual management fee.

## Net asset value and dividend history

As at 31 March	Share price	NAV per share	Discount/ (premium)	Dividend per share
2010	99.0p	109.4p	9.5%	4.65p
2011	108.0p	117.4p	8.0%	4.65p
2012	122.0p	119.8p	(1.9%)	4.70p
2013	146.3p	141.8p	(3.2%)	4.75p
2014	144.8p	141.6p	(2.9%)	4.80p
2015	144.3p	152.9p	5.7%	4.90p
2016	135.0p	145.8p	7.4%	5.80p
2017	166.0p	178.0p	6.7%	5.95p
2018	160.5p	170.0p	5.6%	6.10p
2019	169.5p	183.3p	7.5%	6.25p
2020	168.5p	162.7p	(3.6%)	6.41p

Past performance is not a guide to future returns.

## IMPORTANT INFORMATION

This information is issued and approved by Martin Currie Investment Management Limited. It does not constitute investment advice. Market and currency movements may cause the capital value of shares, and the income from them, to fall as well as rise and you may get back less than you invested. Please note that, as the shares in investment trusts are traded on a stockmarket, the share price will fluctuate in accordance with supply and demand and may not reflect the value of underlying net asset value of the shares.

Depending on market conditions and market sentiment, the spread between purchase and sale price can be wide. As with all stock exchange investments the value of investment trust share purchases will immediately fall by the difference between the buying and selling prices, the bid-offer spread. The value of investments and the income from them may go down as well as up and is not guaranteed. An investor may not get back the amount originally invested.

Investment trusts may borrow money in order to make further investments. This is known as 'gearing' and can enhance shareholder returns in rising markets but, conversely, can reduce them in falling markets.

The majority of charges will be deducted from the capital of the Company. This will constrain capital growth of the Company in order to maintain the income streams.

The company employs an active but tactical options strategy by using derivatives, predominantly writing (selling) puts and covered calls for investment purposes, this being principally to generate income. This may be at the expense of generating capital gains.

A sold put option obligates an investor to take delivery, or purchase of shares, of the underlying stock at a specified price within a specified time in return for receiving the payment of a premium.

Any use of derivatives for efficient portfolio management and options for investment purposes will be made on the basis of the same principals of risk spreading and diversification that apply to the company's direct investments.

### Morningstar Rating for Funds

Morningstar rates funds from one to five stars based on how well they've performed (after adjusting for risk) in comparison to similar funds. Within each Morningstar Category, the top 10% of funds receive five stars, the next 22.5% four stars, the middle 35% three stars, the next 22.5% two stars, and the bottom 10% receive one star. Funds are rated for up to three time periods—three-, five-, and 10 years—and these ratings are combined to produce an overall rating. Funds with less than three years of history are not rated. Ratings are objective, based entirely on a mathematical evaluation of past performance. They're a useful tool for identifying funds worthy of further research, but shouldn't be considered buy or sell recommendations.

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Both companies are authorised and regulated by the Financial Conduct Authority. Please note that calls to the above number may be recorded.

## MANAGER'S BIOGRAPHY

### Mark Whitehead

Mark joined Martin Currie as Head of Income in November 2015. He manages Securities Trust of Scotland and co-manages the Martin Currie Global Equity Income strategy. Previously, Mark worked at Sarasin & Partners where he constructed and managed a range of income, balanced, growth, and absolute return portfolios; he became Lead Manager for their thematic funds in the Global Dividend Range in 2007, and latterly was appointed Head of Equity Income from 2010. Before Sarasin & Partners, he was a portfolio manager at stockbroker Capel Cure Sharp. Mark started his investment career at NatWest Stockbrokers in 1998 and is a member of the Chartered Institute for Securities & Investment (CISI).

## WEBSITE

The Company has its own website at [www.securitiestrust.com](http://www.securitiestrust.com)

There you will find further details on Martin Currie, daily share prices (and associated risks), and you can access regular videos by the manager.



[www.securitiestrust.com](http://www.securitiestrust.com)

