

**SHINING A LIGHT ON THE.....
Securities Trust of Scotland Plc**

AT A GLANCE

Investment Objective	
The investment objective of Company is to seek to achieve rising income and long-term capital growth through investing in a balanced portfolio constructed from global equities.	

Inception Date	28 th June 2005
Fund Factsheet Link	http://tools.morningstar.co.uk/uk/cefreport/default.aspx?SecurityToken=E0GBR00QFU%5D2%5D0%5DFCGBR\$\$ALL

Management	
Manager Name	Start Date
Mark Whitehead	11 th May 2016

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	41.07%
Large	42.25%
Medium	8.72%
Small	7.96%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	37	
Assets in Top 10 Holdings	43.95%	
Name	Sector	% of Assets
Microsoft Corp	Technology	6.58%
Zurich Insurance Group AG	Financial Services	4.74%
Crown Castle International Corp	Real Estate	4.54%
Verizon Communications Inc	Communication Services	4.30%
Taiwan Semiconductor Manufacturing Co Ltd ADR	Technology	4.30%
Samsung Electronics Co Ltd Participating Preferred	Technology	4.23%
Koninklijke DSM NV	Basic Materials	4.16%
Lockheed Martin Corp	Industrials	4.07%
SSE PLC	Utilities	3.68%
Danone SA	Consumer Defensive	3.35%

Volatility Measurements	
3-Yr Std Dev (volatility)	12.25%
3-Yr Mean Return (average)	6.76%

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FUND PERFORMANCE

Performance from 1st January 2014 to 30th April 2020:

	2014	2015	2016	2017	2018	2019	2020
Securities Trust Of Scotland	0.80%	-5.37%	35.84%	6.79%	-7.89%	39.32%	-12.52%
iShares MSCI World	12.49%	4.22%	27.99%	11.40%	-3.12%	21.85%	-12.23%

Performance over 12 months, 3 years, 5 years, and since fund manager inception:

	1 year	3 years	5 years	Since fund manager inception
Securities Trust Of Scotland	5.09%	20.29%	52.96%	54.01%
iShares MSCI World	-5.55%	9.27%	17.64%	25.82%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

These updates have been written at the time of the Coronavirus Pandemic, in 2020 which has impacted the global financial markets in a way that has never been seen before.

We met Mark in January and this was a follow up following the recent market falls. The fund aims to deliver a rising income plus strong capital growth from a portfolio of 35 to 50 stocks. The dividend to the end of March is expected to be confirmed as 6.46%, which would be an increase on the previous dividend.

In a time where the UK is seeing dividend cuts, this strategy enables them to look further afield to ensure that a dividend can continue to be paid. There have been some cuts which means that the projected yield for 2021 could reduce by about 8.5%. They can use an option strategy to make up the lost income, and they can also supplement the revenue from capital, although they have never used this route.

The fund has always focused on quality companies and although they could not have foreseen this event the companies they invest in have in the main remained strong. Bank OZK, which is a US regional bank, has increased its dividend, as has Chevron and P&G.

They have had some companies, such as a brick manufacturer, which has had to stop the dividend because they have no revenue coming in. Transurban, who are a toll road company in Australia, have cut the dividend, as have Vale Resorts in America.

In terms of trading they have sold Zurich Insurance which has been good for the fund but recent changes in interest rates means that returns could be restricted moving forward. They have added Munich Re as its replacement. Prudential has also been sold and Vivendi added.

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Other activity was reducing exposure to Microsoft as this was over 7% of the portfolio. Overall, they remain very positive and the recent market moves have opened opportunities for them. And despite the drop in dividends within the UK markets, they still believe they can maintain dividends from the trust.

The source of information in this note has been provided by Legg Mason and is correct as at May 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.