The Scottish Investment Trust PLC

128th Annual Report & Accounts

31 October 2015

Contents

Responsibility Statement

The board of directors confirms that to the best of its knowledge:

a) the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and return of the company;
b) the strategic report includes a fair review of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties the company faces;
c) the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy; and
d) no material transactions with related parties took place during the financial year other than fees payable to the directors.

The responsibility statement was approved by the board of directors and signed on its behalf by:

Douglas McDougall.

Douglas McDougall
Chairman
14 December 2015

The Company

Company Data as at 31 October 2015

£840,005,000
Total Assets

£733,056,000
Shareholders' Funds

£641,972,000
Market Capitalisation

Objective of The Scottish Investment Trust PLC

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. The company's investment policy is shown in the Strategic Report on page 6.

Investment Risk
The Scottish Investment Trust PLC (SIT) investment portfolio is diversified over a range of industries and regions in order to spread risk. SIT has a long-term policy of borrowing money to invest in equities in the expectation that this will improve returns but should stockmarkets fall, such borrowings would magnify losses. SIT can buy back and cancel its own shares. All other things being equal, this would have the effect of increasing gearing. Investment risk is considered in more detail in note 17 on page 40.

Performance Comparators
The company does not have a formal benchmark. Performance is reviewed in the context of returns achieved by a broad basket of UK equities through the FTSE All-Share Index™ and of international equities through the FTSE All-World Index™. The portfolio is not modelled on any index.

Management
The board of SIT appointed the company's wholly-owned subsidiary, SIT Savings Limited, as its Alternative Investment Fund Manager (AIFM). Day to day management of the company is delegated to the company's executive management which reports directly to the board.

Capital Structure
On 31 October 2015, the company had in issue 105,587,426 shares. Long-term borrowings at par amounted to £104,399,000 with an average annual interest cost of 5.8%.

Management Expenses
The expenses of managing the company's business during the year were £4,900,000. The ongoing charges ratio, calculated in accordance with the recommended methodology of the AIC, is 0.52%. The company aims to keep this percentage low in comparison with competing investment products.

Dividends
Details of the company's dividends can be found on pages 46 and 51. The interim dividend of 5.00p was paid on 20 July 2015. The proposed final dividend of 7.50p and special dividend of 3.50p are payable on 4 February 2016 to shareholders registered on 4 January 2016.

ISA and SIPP
The shares are eligible for ISAs and SIPPs. Details of all of the savings schemes offered by SIT Savings Ltd are shown on page 45.

Investor Disclosure Document
In accordance with the Financial Conduct Authority rules implementing the EU Alternative Investment Fund Managers Directive (AIFMD), certain information must be made available to investors before they invest. The company's Investor Disclosure Document can be found on the company's website, **www.sit.co.uk**

The Association of Investment Companies (AIC)
The company is a member of the AIC, the trade organisation for the closed-ended investment company industry.

Ten Year Record

Year to 31 October	Earnings per share p[1]	Regular dividend per share p	Total expenses £'000	Ongoing charges ratio %	Total assets £'000	Share-holders' funds £'000	Buybacks £'000	NAV (debt at par) p	Share price p	Discount to NAV %[4]	NAV (debt at par) total return %
2005[3]	9.86	8.40	3,973	0.49	1,044,315	894,412	–	428.1	377.0	9.5	23.6
2006	9.39	8.72[2]	4,481	0.57	839,641	730,594	288,891[5]	510.4	451.0	8.5	21.3
2007	11.02	9.10[2]	4,709	0.63	910,574	802,353	44,234	597.6	529.0	9.9	19.5
2008	11.00	9.50	4,440	0.64	633,521	525,679	22,919	405.5	372.0	7.5	(30.7)
2009	10.62	9.60	4,139	0.78	696,971	587,675	13,776	465.6	410.0	8.9	17.6
2010	10.26	10.05	4,284	0.72	740,140	630,367	36,046	533.7	469.3	9.0	17.0
2011	12.43	10.40	4,443	0.71	708,972	598,870	19,339	524.2	452.0	8.2	(0.0)
2012	12.01	11.25	4,632	0.79	734,801	628,244	11,121	561.6	479.0	8.6	9.2
2013	13.41	11.60[2]	5,110	0.75	857,545	750,818	10,139	682.7	603.0	8.6	23.8
2014	11.51	12.00	4,887	0.68	841,189	734,293	11,308	679.5	598.0	8.7	1.5
2015	**15.91**	**12.50[2]**	**4,900**	**0.52**	**840,005**	**733,056**	**15,426**	**694.3**	**608.0**	**8.6**	**3.9**

Ten Year Growth Record

	Earnings per share[1]	Regular dividend per share[2]	Retail Prices Index	NAV (debt at market value)	NAV (debt at par)	Share price	NAV (debt at par) total return	Share price total return	UK FTSE All-Share Index total return	FTSE All-World Index total return
2005[3]	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2006	95.2	103.8	103.7	118.7	119.2	119.6	121.3	122.0	121.7	114.4
2007	111.8	108.3	108.1	141.0	139.6	140.3	144.9	146.3	138.2	131.6
2008	111.6	113.1	112.6	97.1	94.7	98.7	100.5	105.4	90.7	96.1
2009	107.7	114.3	111.7	108.3	108.7	108.8	118.2	119.2	112.0	117.3
2010	104.1	119.6	116.8	123.9	124.7	124.5	138.3	139.6	131.6	138.6
2011	126.1	123.8	123.1	118.8	122.4	119.9	138.2	137.2	132.5	138.1
2012	121.8	133.9	127.1	126.2	131.2	127.1	151.0	148.7	145.4	151.1
2013	136.0	138.1	130.3	158.7	159.5	159.9	186.9	191.2	178.5	187.8
2014	116.7	142.9	133.3	157.1	158.7	158.6	189.7	193.9	180.4	204.4
2015	**161.4**	**148.8**	**134.2**	**160.6**	**162.2**	**161.3**	**197.2**	**201.1**	**185.8**	**213.1**
Ten Year Return Per Annum	**4.9%**	**4.1%**	**3.0%**	**4.8%**	**5.0%**	**4.9%**	**7.0%**	**7.2%**	**6.4%**	**7.9%**
Five Year Return Per Annum	**9.2%**	**4.5%**	**2.8%**	**5.3%**	**5.4%**	**5.3%**	**7.4%**	**7.6%**	**7.1%**	**9.0%**

1. From 1 November 1999 to 31 October 2005, the company charged two-thirds of eligible expenses and finance costs to capital reserve and since 1 November 2005, the company has charged half of eligible expenses and finance costs to capital reserve.
2. Excluding special dividends (2.00p in 2006, 2.00p in 2007, 1.80p in 2013 and 3.50p in 2015).
3. Figures for 2005 have been restated, where applicable, in respect of accounting changes.
4. Discount to ex-income NAV with borrowings at market value.
5. Includes buybacks by way of tender offer of £254,577,000.

Financial Highlights

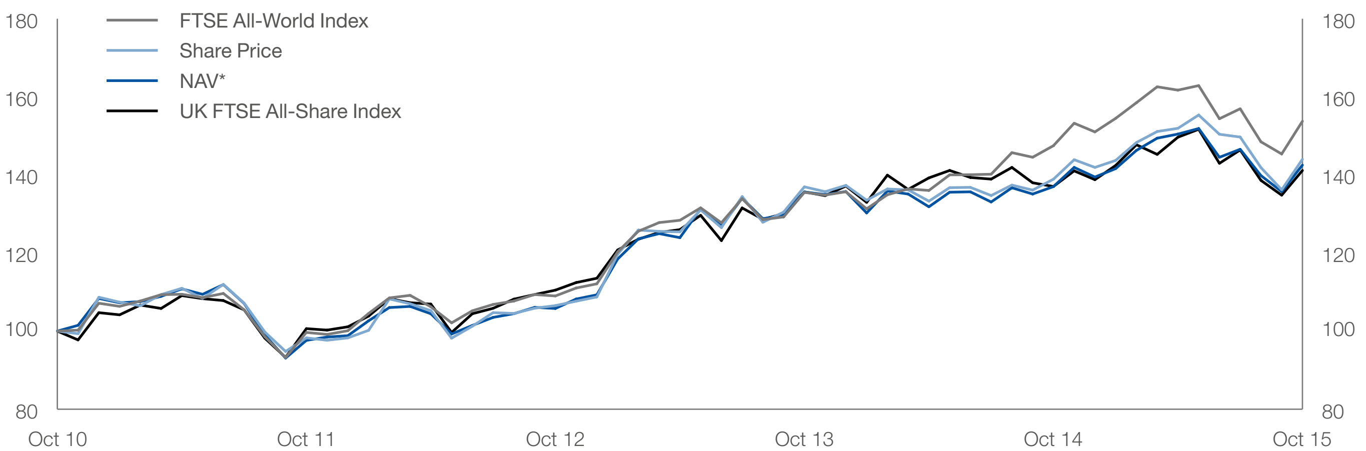
	2015	2014	Change %	Total return %
NAV with borrowings at market value	676.1p	661.6p	2.2	4.0
NAV with borrowings at par	694.3p	679.5p	2.2	3.9
Ex-income NAV with borrowings at market value	665.0p	654.8p	1.6	
Ex-income NAV with borrowings at par	683.2p	672.7p	1.6	
Share price	608.0p	598.0p	1.7	3.7
Discount to ex-income NAV with borrowings at market value	8.6%	8.7%		
FTSE All-World Index			1.7	4.2
UK FTSE All-Share Index			(0.5)	3.0
	£'000	£'000		
Equity investments	774,236	767,179		
Net current assets	65,769	74,010		
Total assets	840,005	841,189		
Long-term borrowings at par	(104,399)	(104,283)		
Pension liability	(2,550)	(2,613)		
Shareholders' funds	**733,056**	**734,293**		

	2015	2014	Change %
Total income	24,057	19,854	21.2
Earnings per share	15.91p	11.51p	38.2
Regular dividend per share (2015: proposed final 7.50p)	12.50p	12.00p	4.2
Special dividend per share (proposed)	3.50p	–	
Total dividend per share	16.00p	12.00p	33.3
UK Consumer Prices Index – annual inflation			(0.1)
UK Retail Prices Index – annual inflation			0.7

Year's High & Low

	Year to 31 October 2015 High	Year to 31 October 2015 Low	Year to 31 October 2014 High	Year to 31 October 2014 Low
NAV with borrowings at market value	744.9p	619.8p	678.3p	612.2p
Closing share price	668.0p	560.0p	606.5p	547.5p
Discount to ex-income NAV with borrowings at market value	10.4%	6.4%	11.2%	6.7%

NAV* and Share Price against Comparator Indices Total Return (5 years to 31 October 2015)



* with borrowings at market value.

Chairman's Statement

Performance
In the twelve months to 31 October 2015, the net asset value per share (NAV) total return (with borrowings at market value) was 4.0%. The share price total return over the same period was 3.7%. The Manager's review provides more detail regarding the contributing factors to this performance.

The portfolio is not modelled on any index and, to reflect this, the company does not have a formal benchmark. Performance is instead reviewed in the context of returns from broad baskets of UK and international equities. Over the same period, the FTSE All-World Index sterling total return was 4.2% and the FTSE All-Share Index total return was 3.0%.

Income and Dividends
Earnings per share were higher by 38.2% at 15.91p (2014: 11.51p), due mainly to a higher level of income generation from the portfolio but also to a greater use of our borrowings throughout the year, higher special dividends and successful tax reclaims relating to historic overseas dividends.

The board recommends a final dividend of 7.50p per share (2014: 7.20p) which, if approved, and combined with the interim dividend of 5.00p, will mean that the total regular dividend for the year will increase by 4.2%, from 12.00p to 12.50p, ahead of the main measures of UK inflation. The board also recommends the payment of a special dividend of 3.50p which, if approved and combined with the total regular dividend, will mean that the total dividend for the year will increase by 33.3% to 16.00p.

Commentary
Global stockmarkets made a very strong start to our financial year, peaking at around the end of the first half, as investors remained sensitive to the intentions of the major central banks. The highly benign monetary environment was maintained as the US Federal Reserve (Fed) backed away from a suggested increase in interest rates while the European Central Bank and the Bank of Japan engaged in additional stimulus.

Markets fell heavily following the devaluation of the Chinese currency in August, which suggested that future Chinese economic growth was likely to be slower than had been previously assumed. Markets were further disturbed by a concern that the Fed would ignore the slowdown in global economic activity and fulfil a long-mooted ambition to start increasing interest rates. However, markets recovered late in our financial year as the Fed again shied away from such a course of action.

Gearing
Gearing was modestly increased through the year from 4% to 5%. The deployment of debt added to the capital return and income account and partially offset the effect of interest payments.

Discount and Share Buybacks
The discount at which the share price trades to the NAV was again broadly stable and finished the year at 8.6% (2014: 8.7%).

The company has for a number of years followed a policy that aims to maintain the discount at or below 9%. During the year, 2.5m (2014: 1.9m) shares were repurchased for cancellation at an average discount of 8.9% (2014: 9.7%) and at a cost of £15.4m (2014: £11.3m).

Appointment of Manager and Restructuring
Alasdair McKinnon was appointed Manager of the company in February 2015 after serving as Acting Manager since July 2014.

We have restructured our operations to reflect the fact that the portfolio is managed as a unified global entity and to ensure that our costs remain competitive. We have also closed our defined benefit pension scheme to future accrual.

Our ongoing charges ratio for the year under review was 0.52% which is among the lowest in the industry and compares with 0.68% in the previous year.

Board
I shall retire from the board following the annual general meeting and I am delighted to be succeeded as Chairman by James Will. I am confident of the future of the company in the hands of James and his colleagues.

Outlook
We exist in an investment climate that owes much to the continued availability of cheap credit. Complicating this is the fact that the credibility of the US Federal Reserve has been staked on a desire to 'normalise' interest rate policy while other important central banks continue to discuss further extraordinary stimulus. It is unclear how this will eventually end.

Regardless of the above uncertainty, we believe that we have a portfolio of sound companies which should work to the long-term advantage of our shareholders.

Douglas McDougall

Douglas McDougall
Chairman
14 December 2015

Board of Directors

Douglas McDougall OBE (Chairman)

Appointed to the board in September 1998 and became chairman in October 2003.

He is a former senior partner of Baillie Gifford & Co and a former chairman of IMRO, the Association of Investment Companies and the Fund Managers' Association.

Other investment company directorships: The Independent Investment Trust (chairman), The European Investment Trust (chairman), The Monks Investment Trust, Pacific Horizon Investment Trust and Herald Investment Trust.

Shares held: 60,000

Fees: £50,000

Hamish Buchan

Appointed to the board in November 2003. He is chairman of the remuneration committee.

He is a former chairman of the Association of Investment Companies and was formerly chairman of Natwest Securities in Scotland. He has been involved in the investment company sector for over 40 years.

Other investment company directorships: Personal Assets Trust (chairman) and Templeton Emerging Markets Investment Trust.

Shares held: 22,325

Fees: £30,000

Russell Napier

Appointed to the board in July 2009.

He runs a course in financial history at Edinburgh Business School and is the author of the book "Anatomy of The Bear: Lessons from Wall Street's Four Great Bottoms". He has been providing investment advice to financial institutions for almost twenty years both as a stockbroker and latterly as an independent analyst.

Other investment company directorship: Mid Wynd International Investment Trust.

Shares held: 14,000

Fees: £30,000

James Will

Appointed to the board in May 2013.

He is a former chairman of law firm Shepherd and Wedderburn LLP where he was a senior corporate partner, heading its financial sector practice. He has experience of working with companies in a wide range of industry sectors including financial services, technology, energy and life sciences.

Other investment company directorship: Herald Investment Trust.

* In addition to the 8,000 shares held, Mr Will is a trustee of a trust which holds 22,000 shares in the company. Mr Will is beneficially or potentially beneficially interested in this holding.

Shares held: 8,000*

Fees: £30,000

Ian Hunter

Appointed to the board in December 2014.

He is a chartered accountant and a member of the Chartered Institute of Taxation. In June 2011, he retired from EY, having spent over 35 years in the firm's Edinburgh office and having been a partner for 25 years. Throughout his career, he was heavily involved in advising closed-ended funds (particularly investment trusts), and their managers, on taxation and on corporate transactions. He served as a member of the AIC's taxation committee.

Shares held: 22,608

Fees: £25,952

Jane Lewis

Appointed to the board in December 2015.

Jane Lewis is an investment trust specialist who, until August 2013, was a director of corporate finance and broking at Winterflood Investment Trusts. Prior to this, she worked at Henderson Global Investors and Gartmore Investment Management Limited in investment trust business development and at WestLB Panmure as an investment trust broker.

Other investment company directorships: Invesco Perpetual UK Smaller Companies Investment Trust, Phaunos Timber Fund Limited and F&C Capital and Income Investment Trust.

Mick Brewis

Appointed to the board in December 2015.

Mick Brewis was an investment manager at Baillie Gifford, retiring in April 2014 after 29 years at the firm, 21 of them as a partner. He was a stockpicker throughout his time there, responsible for managing UK equity portfolios before heading the North American Equities team from 1995 onwards. His broad investment experience includes managing investment teams and research groups, global asset allocation, working with clients (including investment trusts), marketing, graduate recruitment and investor development.

Strategic Report

Status

The company is a self-managed global growth investment trust and is an investment company within the meaning of the Companies Act 2006. HM Revenue & Customs approved the company as an investment trust under Sections 1158 and 1159 of the Corporation Taxes Act 2010. The company continues to satisfy the conditions for such approval.

Investment Objective and Policy

The company carries on business as a global growth investment trust. Its objective is 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.

In order to achieve this objective, the company invests in an integrated global portfolio constructed through an investment process whereby assets are primarily allocated on the basis of the investment merits of individual stocks rather than those of regions, sectors or themes.

The company's portfolio is actively managed and typically will contain 70 to 120 listed international equity investments. The portfolio is widely diversified both by industrial sector and geographic location of investments in order to spread investment risk.

Whilst performance is compared against major global and UK indices, the composition of indices has no influence on investment decisions or the construction of the portfolio. As a result, it is expected that the company's investment portfolio and performance may deviate from the comparator indices.

Since the company's assets are invested globally and without regard to the composition of any index, there are no restrictions on maximum or minimum exposures to specific geographic regions, industry sectors or unlisted investments. However, such exposures are reported in detail to, and monitored by, the board at each board meeting in order to ensure that adequate diversification is maintained.

Liquidity and long-term borrowings are managed with the aim of improving returns to shareholders. In pursuing its investment objective, from time to time the company will hold certain financial instruments comprising equity and non-equity shares, fixed income securities, interests in limited partnerships, structured products and cash and liquid resources. The company may use derivatives, other than in relation to the sale of index futures, for hedging or tactical investment purposes. The company may only sell index futures for efficient portfolio management purposes. For the avoidance of doubt, any derivative instrument may only be used with the prior authorisation of the board.

The company has the ability to enter into contracts to hedge against currency risks on both capital and income.

The company's investment activities are subject to the following limitations and restrictions:

- under the company's articles of association, up to 40% of the company's total assets on the last audited balance sheet may be used to make investments of up to a maximum of 8% of the value of total assets in any one company, at the time the investment is made. Thereafter, individual investments may not exceed 3% of the value of total assets, at the time the investment is made;
- the levels of gearing and gross gearing are monitored closely by the board and the manager. The company applies a ceiling on gearing of 20%. While gearing will be employed in a typical range of 0% to 20%, the company retains the ability to lower equity exposure to a net cash position if deemed appropriate;
- the company has a policy not to invest more than 15% of total assets in other listed closed-ended investment funds; and
- the company may not make investments in respect of which there is unlimited liability except that the company may sell index futures for efficient portfolio management purposes.

Investment policy – implementation

During the year under review, the assets of the company were invested in accordance with the company's investment policy.

A full list of holdings is disclosed on page 15 and detailed analyses of the spread of investments by geographic region and industry sector are shown on pages 8, 9 and 14. Further analyses of changes in asset distribution by industry and region over the year, including the sources of appreciation/depreciation, are shown on pages 8 and 9. Attribution of NAV performance is shown on page 10.

At the year end, the number of listed holdings was 74. The top ten holdings comprised 24.1% of total assets (2014: 21.2%).

Details of the extent to which the company's objective has been achieved and how the investment policy was implemented are provided in the Chairman's Statement on page 4 and the Manager's Review on pages 8 to 12.

Additional limitations on borrowings

Under the company's articles of association, the directors control the borrowings of the company and its subsidiaries to ensure that the aggregate amount of borrowings does not, unless approved by an ordinary resolution of shareholders, exceed the aggregate of the reserves excluding unrealised capital profits of the company and its subsidiaries, as published in the latest accounts. In addition, the directors are authorised to incur temporary borrowings in the ordinary course of business of up to 10% of the company's issued share capital. Such temporary borrowings are to be for no longer than six months.

Principal risks and uncertainties

The principal risks and uncertainties facing the business are as follows:

- investment and market price risk;
- interest rate risk;
- liquidity risk;
- foreign currency risk; and
- credit risk.

These and other risks facing the company are reviewed regularly by the audit committee and the board. A detailed risk map, which identifies significant risks relevant to the company, is assessed twice per year. These risks include corporate strategy, investment decisions, financial and regulatory activities, business continuity and service providers. Further information on risks is detailed in note 17 to the accounts on pages 39 to 44 and on internal controls in the Report of the Audit Committee on page 19.

Performance

Management provides the board with detailed information on the company's performance at every board meeting. Performance is measured in comparison with the company's peers and comparator indices.

Key Performance Indicators are:

- NAV total return;
- NAV total return against comparators;
- NAV and share price total return against peers;
- discount with debt at market value;
- dividend growth against UK inflation; and
- ongoing charges ratio.

Dividends

The board may declare dividends, including interim dividends, but no dividend is payable except out of the company's revenue returns or in excess of the amount recommended by the directors. Neither unrealised appreciation of capital assets nor realised profits arising from the sale of capital assets are available for the dividend.

The directors recommend a final dividend of 7.50p and a special dividend of 3.50p per share, payable on 4 February 2016. With the interim dividend of 5.00p already paid in July 2015, this makes a total of 16.00p for the year. Based on shares in issue at 31 October 2015, the final and special dividend will cost £11,615,000. The total dividend for the year will cost £16,981,000.

Share Capital

General

The company had 105,587,426 shares in issue on 31 October 2015. The rights attaching to shares in the company are set out in the company's articles of association which may be amended by the passing of a special resolution of shareholders, that is, by the approval of a majority of not less than 75% of votes cast. The Financial Conduct Authority rules in relation to non-mainstream investment products do not apply to the company.

Rights to the capital of the company on winding up

Shareholders would be entitled to the assets of the company in the event of a winding up (after the company's other liabilities had been satisfied).

Voting

On a show of hands, every shareholder present in person or by proxy has one vote and on a poll every member present in person or by proxy has one vote for each share.

Deadlines for exercising voting rights

If a shareholder wishes to appoint a proxy to attend, speak and vote at a meeting on his behalf, a valid appointment is made when the form of proxy (together, where relevant, with a notarially certified copy of the power of attorney or other authority under which the form of proxy is signed) is received by the company's registrar not less than 48 hours before the start of the meeting or the adjourned meeting at which the proxy is appointed to vote (or, in the case of a poll taken more than 48 hours after it is demanded, no later than 24 hours before the time appointed for taking the poll). In calculating these time periods, no account is taken of any day or part thereof that is not a working day.

Buybacks

The company's buyback policy is intended to keep the discount to ex-income NAV at or below 9%. In calculating the NAV for the purposes of the buyback policy, the company's borrowings are taken at their market value so as to ensure that future repurchases of shares will take into account changes in the value of the borrowings brought about by movements in long-term interest rates. During the year ended 31 October 2015, the company bought back for cancellation a total of 2,479,500 shares of 25p each representing 2.3% of shares in issue at 31 October 2014, at a cost of £15,426,000.

At the AGM on 30 January 2015, authority was granted to repurchase up to 14.99% of shares in issue on that date. The number of shares authorised for repurchase was 16,193,985. Share buybacks from the date of the AGM to the company's year end amounted to 2,444,500 shares or 2.26 percentage points of the 14.99% authority.

Viability Statement

The directors have assessed the prospects of the company for a period of five years. The board believes this time period is appropriate having consideration for the company's: principal risks and uncertainties (outlined on page 6); its portfolio of liquid listed international equity investments and cash balances; and its ability to achieve the stated dividend policy and to cover interest payments on the company's debt in note 5 to the accounts on page 35.

In making this assessment, the directors have considered detailed information provided at board meetings which includes the company's balance sheet, gearing level, share price discount, asset allocation, income and operating expenses.

Based on the above, the board confirms it has a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the five year period of this assessment.

Substantial Shareholdings

At 9 December 2015, the company had been notified of the following holdings in excess of 3% of its shares.

	Shares	% held
Aviva PLC	10,338,840	9.8
Lloyds Banking Group PLC	6,346,524	6.0
AXA Investment Managers SA	3,450,050	3.3

Socially Responsible Investing

When investments are made, the primary objective is to achieve the best investment return while allowing for an acceptable degree of risk. In pursuing this objective, various factors that may impact on the performance are considered and these may include socially responsible investment issues.

Company's Directors and Employees

The table below shows the breakdown of directors, senior managers and employees.

	31 October 2015		31 October 2014	
	Male	Female	Male	Female
Directors	5	0	5	0
Senior Manager	1	0	1	0
Employees	10	5	10	7

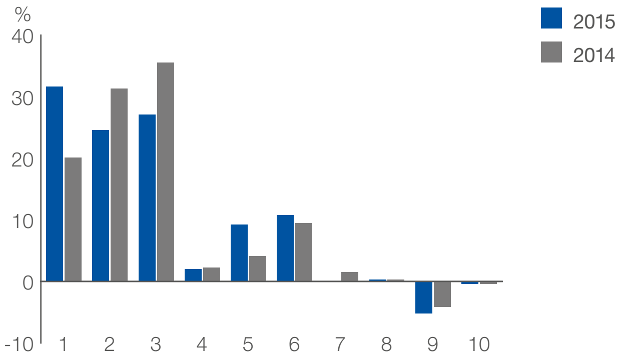
Douglas McDougall.

Douglas McDougall
Chairman
14 December 2015

Manager's Review

Distribution of Shareholders' Funds by Region

At 31 October



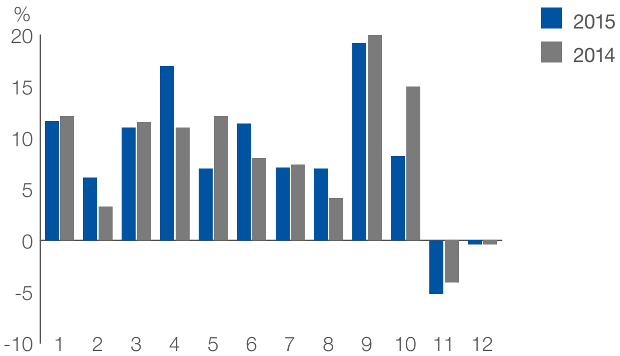
		2015 %	2014 %
1	UK	31.6	20.1
2	Europe (ex UK)	24.6	31.3
3	North America	27.1	35.5
4	Latin America	2.0	2.2
5	Japan	9.2	4.1
6	Asia Pacific (ex Japan)	10.8	9.5
7	Middle East & Africa	–	1.5
8	Unlisted	0.3	0.3
	Total equities	**105.6**	**104.5**
	Net current assets	9.0	10.1
	Long-term borrowings at par	(14.3)	(14.2)
9	Gearing	(5.3)	(4.1)
10	Pension liability	(0.3)	(0.4)
	Shareholders' funds	**100.0**	**100.0**

Changes in Asset Distribution by Region

	31 October 2014 £m	Net purchases (sales) £m	31 October 2015 £m	Appreciation (depreciation) £m	Dividend income £m	Total return £m
UK	147.8	79.4	231.8	4.6	7.3	11.9
Europe (ex UK)	229.7	(57.9)	180.5	8.7	7.6	16.3
North America	260.9	(73.5)	198.8	11.4	5.5	16.9
Latin America	15.8	0.3	14.3	(1.8)	0.4	(1.4)
Japan	30.1	38.1	67.5	(0.7)	1.0	0.3
Asia Pacific (ex Japan)	69.4	14.3	79.4	(4.3)	1.9	(2.4)
Middle East & Africa	11.1	(8.7)	–	(2.4)	–	(2.4)
Unlisted	2.4	(0.7)	1.9	0.2	0.1	0.3
Total equities	**767.2**	**(8.7)**	**774.2**	**15.7**	**23.8**	**39.5**
Net current assets	74.0	(8.2)	65.8			
Total assets	**841.2**	**(16.9)**	**840.0**			
Long-term borrowings at par	(104.3)	(0.1)	(104.4)			
Pension liability	(2.6)	–	(2.5)			
Shareholders' funds	**734.3**	**(17.0)**	**733.1**			

Distribution of Shareholders' Funds by Industry

At 31 October



		2015 %	2014 %
1	Oil & Gas	11.6	12.1
2	Basic Materials	6.1	3.3
3	Industrials	11.0	11.5
4	Consumer Goods	17.0	11.0
5	Health Care	7.0	12.1
6	Consumer Services	11.4	8.0
7	Telecommunications	7.1	7.4
8	Utilities	7.0	4.1
9	Financials[1]	19.2	20.0
10	Technology	8.2	15.0
	Total equities	**105.6**	**104.5**
	Net current assets	9.0	10.1
	Long-term borrowings at par	(14.3)	(14.2)
11	Gearing	(5.3)	(4.1)
12	Pension liability	(0.3)	(0.4)
	Shareholders' funds	**100.0**	**100.0**

Changes in Asset Distribution by Industry

	31 October 2014 £m	Net purchases (sales) £m	31 October 2015 £m	Appreciation (depreciation) £m	Dividend income £m	Total return £m
Oil & Gas	89.1	10.8	84.7	(15.2)	3.4	(11.8)
Basic Materials	24.3	25.5	44.5	(5.3)	1.4	(3.9)
Industrials	84.9	(14.2)	81.0	10.3	2.2	12.5
Consumer Goods	80.6	28.0	124.6	16.0	2.1	18.1
Health Care	88.5	(38.1)	51.7	1.3	1.6	2.9
Consumer Services	58.8	20.7	83.6	4.1	1.8	5.9
Telecommunications	54.0	(2.8)	52.2	1.0	2.0	3.0
Utilities	30.0	19.4	50.9	1.5	1.7	3.2
Financials[1]	147.1	(1.3)	140.7	(5.1)	5.8	0.7
Technology	109.9	(56.7)	60.3	7.1	1.8	8.9
Total equities	**767.2**	**(8.7)**	**774.2**	**15.7**	**23.8**	**39.5**
Net current assets	74.0	(8.2)	65.8			
Total assets	**841.2**	**(16.9)**	**840.0**			
Long-term borrowings at par	(104.3)	(0.1)	(104.4)			
Pension liability	(2.6)	–	(2.5)			
Shareholders' funds	**734.3**	**(17.0)**	**733.1**			

1. Includes unlisted.

As the Chairman has noted, I was appointed Manager in February, having previously served as Acting Manager for the trust. This review will, as usual, outline our activity over the year but I thought shareholders would also be interested in an outline of our broad investment philosophy and the opportunities we foresee.

The Chairman has already outlined that the total return of the company's most widely-referenced measure of NAV, with borrowings at market value, increased by 4.0% over the year. To break this headline number into its component parts, the company's invested equity portfolio returned 5.0%, which was enhanced a further 0.5% by the deployment of a proportion of our long-term borrowings. Offsetting these benefits to the NAV were the expenses of running the company of 0.7% and the interest costs associated with our long-term borrowings of 0.9%.

Much of the portfolio activity during the year reflected increased investment in our best ideas and a reduction in the number of holdings to 74 compared with 101 at the last year end. The portfolio remains very diversified but this shift now means that our highest conviction ideas and views will have a greater impact on the portfolio performance.

Given the low interest rate environment, we found that sustainable and higher than average dividend yields were a useful bolster to our investment cases. This has allowed us to propose the payment of a special dividend this year.

In general terms, we look to hold companies where we can see a clear path to future price appreciation. Sometimes contrarian, our views are not always initially confirmed by a friendly share price movement, but we are prepared to be patient. This latter point is crucial because it can be all too easy to ascribe justification for a share price movement after the event and thus be beguiled into a poor investment or repelled from a future gem.

Given our focus on individual stock ideas, rather than reporting portfolio activity in terms of geography or industry, I thought it more meaningful to discuss the more notable gains and losses, in total return terms, over the year.

Stockmarket Performance
Total Return 10 years to 31 October 2015

Source: Thomson Reuters Datastream

Our largest gain came from **Pandora** (+£6.7m), the Danish designer and retailer of jewellery. Demand for its 'affordable luxury' brand remained very strong, while the company continued to benefit from a restructuring of its sales channels.

UnitedHealth (+£6.1m) gained as it became apparent that a consequence of the mergers between US health care insurers was an improvement in the pricing power of the larger companies. We sold our holding late in the year as we anticipated that this could become a contentious issue in the US Presidential election campaign.

G-III Apparel (+£5.6m), best known for the Calvin Klein brand in the US, also made a strong contribution. The share price had almost doubled and it was sold as we considered the valuation full for a company exposed to cyclical trends.

NAV Performance Attribution
Year to 31 October 2015

Absolute performance:	Contribution %
Equity portfolio (ungeared)	+5.0
Gearing	+0.5
Total equities	+5.5
Other income, tax & currency	-0.1
Buybacks	+0.2
Expenses	-0.7
Interest charges	-0.9
Change in market value of borrowings	+0.0
NAV with borrowings at market value total return	**+4.0**

Relative to FTSE:	All-World %	All-Share %
NAV with borrowings at market value total return	+4.0	+4.0
Index total return	+4.2	+3.0
Relative performance	**-0.2**	**+1.0**

Contributors to Absolute Performance
Year to 31 October 2015

	Positive contribution %
Pandora	0.9
UnitedHealth*	0.8
G-III Apparel*	0.7
Persimmon	0.6
Microsoft	0.5
BT	0.5
Severn Trent	0.4
Alphabet	0.4
Sampo	0.4
British Land	0.4

* Sold during the year.

	Negative contribution %
Royal Dutch Shell	-0.6
Wal-Mart Stores*	-0.4
National Oilwell Varco	-0.4
BHP Billiton	-0.4
Aspen Pharmacare*	-0.3
Coloplast*	-0.3
RSA Insurance	-0.3
Tourmaline Oil	-0.3
Freehold Royalties	-0.3
Sands China	-0.2

Persimmon (+£4.3m), the UK housebuilder, continued to benefit from ideal market conditions whilst the unexpected general election victory of the Conservative Party also removed a perceived political threat.

Microsoft (+£3.7m) had a shaky start to the year as analysts focussed on weaker trends in PC sales, but our view that the company has an opportunity to shift a large user base to a more valuable subscription model gained traction later in the year.

BT (+£3.5m), the UK telecoms company, performed well as an amenable regulator provisionally approved the takeover of the mobile operator EE.

Severn Trent (+£3.1m) performed well as the attraction of a generous, secure and growing dividend gained a wider following, while rumours of a potential bid from an infrastructure fund continued to rumble in the background.

Alphabet (+£2.9m), the new holding company name adopted by Google, performed well particularly in the aftermath of this change as the company committed to a greater focus on shareholder returns rather than eclectic projects.

Sampo (+£2.9m), the Finnish insurer, contributed positively as the secure dividend remained attractive.

British Land (+£2.8m) benefited from rising UK commercial property prices prompted by an improving economy and the continued cheap cost of debt finance.

Sydney Airport (+£2.5m) gained due to solid passenger volumes at the city's airport and a new charging agreement with airlines.

Comcast (+£2.5m), best described as a US media conglomerate, was thwarted in an attempt to buy a rival during the year but continued to benefit from a number of factors including increased broadband adoption and the hit 'Minions' film franchise.

Fuchs Petrolub (+£2.3m) performed well as demand for lubricants remained elevated but we sold late in the year as we anticipated future growth might be challenged.

Avery Dennison (+£2.1m), a US based packaging company, has seen the benefit of an extensive restructuring that has refocussed the company on higher margin products.

Ross Stores (+£2.1m) performed well in a generally supportive US retail environment. After a period of strong performance, we sold **Continental** (+£2.1m), the German tyre and automotive manufacturer, as we were concerned that slowing Chinese automotive sales would have a future impact.

Our larger losses over the year featured a number of basic resource companies which suffered as oil and industrial commodities fell heavily in value. Portfolio holdings affected by this were **Royal Dutch Shell** (-£4.2m), **National Oilwell Varco** (-£3.1m), **BHP Billiton** (-£2.8m), **Tourmaline Oil** (-£2.0m) and **Freehold Royalties** (-£2.0m).

Towards the end of the year, we made additions to some of our holdings with a higher than average exposure to emerging market growth trends as we judged that the grounds for pessimism were already reflected in share prices. This is a contrarian point of view but one we anticipate ultimately will be fruitful, given the cyclical nature of these companies.

Despite the generally good performance of US retail stocks, our purchase of **Wal-Mart Stores** (-£3.2m) proved unsuccessful and we sold late in the year as we judged cost pressures were unlikely to dissipate in the foreseeable future.

Aspen Pharmacare (-£2.4m) and **Coloplast** (-£2.4m), which performed very well last year, were sold as we felt that slower growth prospects were unlikely to prove temporary. We mistimed an addition to our new purchase of **RSA Insurance** (-£2.0m), an attractive restructuring story, at a share price that was inflated by a potential takeover bid, and were punished as the bidder walked away. Lastly, **Sands China** (-£1.9m) performed poorly as Macau gaming revenues fell heavily but we added late in the year as we judged the share price did not reflect the longer-term prospects.

Our larger new purchases tended to be companies with a substantial opportunity to run their operations in a more efficient manner. **Treasury Wine Estates**, an Australian-based wine producer and marketer, is repositioning itself as a global branded wine company and will complete a transformational deal by acquiring the wine assets of Diageo at a compelling price.

Rentokil Initial, the UK support services company, is best known as a 1990s 'stockmarket darling' but has spent a long period correcting the mistakes of earlier highly acquisitive growth. The business is now focussed on the attractive pest control business, the value of which has been overlooked during a difficult period.

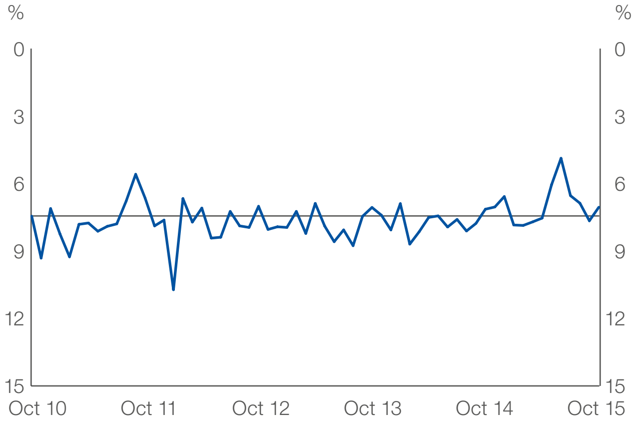
Kingfisher is a UK listed home improvement retailer which has an opportunity to improve margins by reducing product lines and has the potential to particularly benefit from a pick-up in home improvement activity in the UK and France.

Other new holdings which we think have taken the initial steps to re-energise their operations after long periods in the doldrums include **GlaxoSmithKline**, **Nintendo**, **Sony**, **Panasonic**, **Citigroup**, **ING** and **General Electric**.

This year, we have restructured our investment operations to reflect the fact that the portfolio is managed as a unified global entity and to ensure that our costs remain competitive. We now have a more effective structure for decision making. It is our aim to be recognised as an attractive, low cost and flexible investment vehicle.

Alasdair McKinnon
Manager
14 December 2015

Discount to ex-income NAV*
5 years to 31 October 2015



* With borrowings at market value.

The discount to ex-income NAV (with borrowings at market value) was again broadly stable ending the year at 8.6% (2014: 8.7%). The company's buyback policy is intended to keep the discount to ex-income NAV at or below 9%. Under this policy, 2.5m (2014: 1.9m) shares were repurchased for cancellation over the financial year accounting for 2.3% (2014: 1.7%) of the shares in issue at the start of the period. The shares were repurchased at an average discount of 8.9% and a cost of £15.4m (2014: £11.3m) inclusive of dealing expenses. The average discount to NAV between the introduction of the scheme in February 2006 and the year end was 8.8%.

Holdings in Listed Closed-ended Investment Funds

Company holdings include an investment in listed closed-ended investment funds of £14.5m: 1.7% of total assets (2014: £16.5m: 2.0%). This comprised solely of an investment in British Land, a UK property fund. The company has a policy not to invest more than 15% of total assets in other listed closed-ended investment funds.

Unlisted Portfolio

The company's unlisted holdings were valued at £1.9m (0.3% of shareholders' funds). These comprise our office property, subsidiaries and residual holdings from partnership agreements signed between 1996 and 2001. No new partnerships were entered into during the year.

Analysis of Share Register
at 31 October 2015

Category of holder	Number	Share capital %
Individuals	19,947	62.2*
Insurance companies	11	17.6
Investment companies	54	8.8
Pension funds	39	5.5
Other	162	5.9
Total	**20,213**	**100.0**

* Includes 21.6% held in SIT Savings' products.

Glossary

Total assets means total assets less current liabilities.

NAV is net asset value per share after deducting borrowings at par or market value, as stated.

Ex-income NAV is the NAV excluding current year revenue.

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

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 borrowings is based on the redemption yield of the relevant existing reference gilt plus a margin derived from the spread of BBB UK corporate bond yields (15 years+) over UK gilt yields (15 years+). The reference gilt for the secured bonds is the 6% UK Treasury Stock 2028 and the reference gilt for the perpetual debenture stocks is the longest-dated UK Treasury stock listed in the Financial Times.

Discount is the difference between the market price of a share and the NAV, expressed as a percentage of the NAV.

Gross gearing is the geared position if all the borrowings were invested in equities: borrowings expressed as a percentage of shareholders' funds.

Gearing is the true geared position of the company: borrowings less cash and equivalents expressed as a percentage of shareholders' funds.

Alternative Investment Fund Managers (AIFM) – Leverage

For the purposes of the AIFM Directive, leverage is any method which increases the company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of the company's exposure to its net asset value and is calculated on a gross and commitment method.

Under the gross method, exposure represents the sum of the company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

The leverage limits are set by the AIFM and approved by the board. The AIFM is also required to comply with the gearing parameters set by the board in relation to borrowings.

The company's maximum limits and actual leverage levels are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	200%	200%
Actual at 31 October 2015	5%	15%

Distribution of Shareholders’ Funds by Industry
as at 31 October

	2015 %	2014 %
Oil & Gas	**11.6**	**12.1**
Oil & Gas Producers	8.4	9.7
Oil Equipment, Services & Distribution	3.2	2.4
Basic Materials	**6.1**	**3.3**
Chemicals	2.0	1.4
Mining	4.1	1.9
Industrials	**11.0**	**11.5**
Construction & Materials	1.9	1.6
Aerospace & Defence	–	1.0
General Industrials	2.4	1.0
Electronic & Electrical Equipment	–	1.1
Industrial Engineering	1.1	2.2
Industrial Transportation	2.8	3.0
Support Services	2.8	1.6
Consumer Goods	**17.0**	**11.0**
Automobiles & Parts	1.6	4.0
Beverages	5.5	0.5
Food Producers	1.6	0.9
Household Goods & Home Construction	1.9	1.4
Leisure Goods	3.5	0.6
Personal Goods	2.9	3.6
Health Care	**7.0**	**12.1**
Health Care Equipment & Services	–	4.7
Pharmaceuticals & Biotechnology	7.0	7.4
Consumer Services	**11.4**	**8.0**
General Retailers	5.2	2.6
Media	3.2	3.8
Travel & Leisure	3.0	1.6
Telecommunications	**7.1**	**7.4**
Fixed Line Telecommunications	4.0	4.4
Mobile Telecommunications	3.1	3.0
Utilities	**7.0**	**4.1**
Gas, Water & Multi-utilities	7.0	4.1
Financials	**19.2**	**20.0**
Banks	12.4	9.7
Non-life Insurance	3.5	4.5
Life Insurance	1.0	1.6
Real Estate Investment Trusts	2.0	1.6
Financial Services	0.2	1.9
Equity Investment Instruments	0.1	0.7
Technology	**8.2**	**15.0**
Software & Computer Services	7.2	9.2
Technology Hardware & Equipment	1.0	5.8
Total equities	**105.6**	**104.5**
Gearing	**(5.3)**	**(4.1)**
Net current assets	9.0	10.1
Borrowings at par	(14.3)	(14.2)
Pension liability	**(0.3)**	**(0.4)**
Shareholders’ funds	**100.0**	**100.0**

List of Investments
as at 31 October 2015

Listed Equities

Holding	Country	Market value £'000	Cumulative weight %
Severn Trent	UK	27,243*	
Microsoft	US	22,847*	
Sands China	Hong Kong	21,882*	
Pandora	Denmark	21,750*	
Treasury Wine Estates	Australia	20,081*	
Kingfisher	UK	18,886*	
United Utilities	UK	18,821*	
Suncor Energy	Canada	17,671*	
Royal Dutch Shell	UK	17,165*	
Sumitomo Mitsui Financial	Japan	16,138*	26.2
Rio Tinto	UK	16,085	
Sampo	Finland	15,771	
Roche	Switzerland	14,922	
British Land	UK	14,542	
BHP Billiton	UK	14,156	
Comcast	US	13,907	
Persimmon	UK	13,767	
Sydney Airport	Australia	13,663	
BT	UK	13,396	
PepsiCo	US	13,035	44.7
Pfizer	US	12,836	
Rentokil Initial	UK	12,809	
BNP Paribas	France	12,699	
SAP	Germany	12,511	
GlaxoSmithKline	UK	12,280	
Associated British Foods	UK	11,747	
Johnson & Johnson	US	11,639	
Sony	Japan	11,421	
Ross Stores	US	11,096	
National Oilwell Varco	US	10,981	60.2
ING	Netherlands	10,835	
General Electric	US	10,730	
Total	France	10,669	
Alphabet	US	10,354	
RSA Insurance	UK	10,200	
KDDI	Japan	10,124	
Verizon Communications	US	8,664	
Baker Hughes	US	8,661	
Svenska Handelsbanken	Sweden	8,384	
Toyota Motor	Japan	8,376	72.7
Inditex	Spain	8,318	
Dürr	Germany	7,952	
BASF	Germany	7,910	
Nintendo	Japan	7,624	
Adecco	Switzerland	7,602	
Intesa Sanpaolo	Italy	7,563	
Citigroup	US	7,469	
Standard Life	UK	7,412	
Qualcomm	US	7,362	
Aeroportuario del Sureste	Mexico	7,347	82.6
Vinci	France	7,326	
Micro Focus International	UK	7,255	
Bank of Kyoto	Japan	7,227	
DBS	Singapore	7,122	
Telstra	Australia	7,083	
Ambev	Brazil	7,002	
Telenor	Norway	6,906	
Jardine Matheson	Singapore	6,807	
Chevron	US	6,738	
NCC	Sweden	6,732	91.6
Panasonic	Japan	6,603	
Avery Dennison	US	6,347	
Glacier Bancorp	US	6,074	
Vodafone	UK	6,034	
WPP	UK	5,376	
Engie	France	4,894	
HSBC	UK	4,584	
Exxon Mobil	US	4,505	
Vivendi	France	4,136	
TGS-NOPEC Geophysical	Norway	3,651	98.4
BorgWarner	US	3,243	
Tourmaline Oil	Canada	3,010	
ANZ Banking	Australia	2,755	
Freehold Royalties	Canada	1,631	
Total listed equities		**772,344**	**99.8**

Unlisted

Holding	Country	Market value £'000	Cumulative weight %
Heritable Property & Subsidiaries	UK	1,403	
Boston Ventures	US	439	
Apax Europe V-B	UK	50	
Total unlisted		**1,892**	**0.2**
Total equities		**774,236**	**100.0**

* Denotes 10 largest holdings with an aggregate market value of £202,484,000.

Directors' Report

Directors

The company's policy on the appointment of directors is shown on the company's website, **www.sit.co.uk**

The directors of the company and their biographical details are shown on page 5. All are non-executive.

The performance of each director was appraised by the nomination committee during the year. The chairman's performance was appraised in his absence by the other directors and the results were communicated to him. The board believes that each director is independent of the management in character and judgement and there are no relationships with the company or its employees which might compromise this independence. The Board does not consider the use of an external agency would provide meaningful benefit to the evaluation process. However, the option to do so is kept under review.

The company's directors are subject to annual election by shareholders. Douglas McDougall and Hamish Buchan have served as directors for more than nine years. After formal performance evaluation, the board confirms that Douglas McDougall and Hamish Buchan continue to perform effectively and with great commitment. Douglas McDougall retires at the AGM on 29 January 2016. Ian Hunter was appointed to the board in December 2014 on the recommendation of the nomination committee and elected at the AGM on 30 January 2015. James MacLeod retired from the board on 30 January 2015.

The appointments of Douglas McDougall and Hamish Buchan as directors run for one year at a time. Russell Napier was appointed in July 2009, James Will was appointed in May 2013 and Ian Hunter was appointed in December 2014. Russell Napier's appointment was renewed in July 2012 and July 2015.

Jane Lewis and Mick Brewis were appointed as directors in December 2015, each for an initial term of three years subject to election by shareholders at the AGM on 29 January 2016. Directors' letters of appointment will be available for inspection at the AGM. No external agency was used in the selection process as the nomination committee was itself able to identify a 'long list' of high quality and diverse candidates with the skills, knowledge and experience required.

The company maintains insurance in respect of directors' and officers' liability in relation to their acts on behalf of the company. The company's articles of association provide that any director or other officer of the company may be indemnified out of the assets of the company against any liability incurred by him as a director or other officer of the company to the extent permitted by law.

Directors' responsibilities

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

United Kingdom company law requires the directors to prepare annual financial statements. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the returns and cash flows for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors have considered the Annual Report and Accounts and believe that taken as a whole it is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance and strategy.

Corporate Governance

Compliance

The board has reviewed the principles set out in the UK Corporate Governance Code and believes that the way the company is governed is consistent with these principles. Throughout the year, the company complied with the provisions of the UK Corporate Governance Code except that:

- there is no senior independent director; and
- the chairman is a member of the audit committee.

The directors consider that, as all directors are independent and non-executive, there is no compelling case for having a senior independent director. The board considers the chairman to be independent in character and judgement and therefore there is no reason for Douglas McDougall not to be a member of the audit committee. The UK Corporate Governance code is available from the Financial Reporting Council, **www.frc.org.uk**

Conflicts of interest

The Companies Act 2006 requires that a director of the company must avoid a situation in which he has, or might have, an interest that conflicts, or may conflict, with the interests of the company. Each director submits a list of potential conflicts prior to each meeting. The other board members consider these and recommend whether or not each potential conflict should be authorised. No situation arose during the year whereby an interest of a director conflicted with the interests of the company.

The Board

The board normally meets eight times throughout the year while the audit and remuneration committees each meet three times. The nomination committee meets at least annually.

The following table shows the attendance of directors at board and committee meetings for the year to 31 October 2015.

	Board	Audit	Remuneration	Nomination
Number of meetings	8	3	3	3
Douglas McDougall	8	3	3	3
Hamish Buchan	8	3	3	3
James MacLeod	1	1	1	–
Russell Napier	8	2	3	3
James Will	8	3	3	3
Ian Hunter	8	3	3	3

James MacLeod retired from the board on 30 January 2015. He attended all possible board and committee meetings prior to retirement.

There is a schedule of matters reserved for the board which includes investment strategy, accounting and financial controls, dividends and announcements, capital structure, gearing and major contracts.

The board of SIT appointed the company's wholly-owned subsidiary, SIT Savings Limited, as its Alternative Investment Fund Manager (AIFM). Day to day management of the company is delegated to the company's executive management which reports directly to the board.

Prior to each board meeting, directors are provided with a comprehensive set of papers giving detailed information on the company's transactions, financial position and performance. There is a procedure for directors to seek independent professional advice at the expense of the company and training is available to directors as required.

Committees

Audit committee

The audit committee comprises the whole board and is chaired by Ian Hunter. It has reviewed the matters within its terms of reference and reports as follows:

- it has approved the financial statements for the year to 31 October 2015;
- it has reviewed the effectiveness of the company's internal controls and risk management;
- it has reviewed the need for a separate internal audit function;
- it has recommended to the board that a resolution be proposed at the AGM for the reappointment of the external auditor and it has considered the proposed terms of their engagement;
- it has satisfied itself as to the independence of the external auditor; and
- it has satisfied itself that the terms of the Strategic Report are consistent with the financial statements.

Further details are set out in the Report of the Audit Committee on pages 19 and 20. The terms of reference are available from the company's website.

Nomination committee

There is a nomination committee comprising the whole board. The committee is chaired by Douglas McDougall. The committee meets at least annually to review the structure, size and composition of the board. It has written terms of reference which are shown on the company's website.

The nomination committee is responsible for nominating, for the approval of the board, candidates to fill board vacancies as and when they arise. The committee will evaluate the skills, experience, independence, knowledge and diversity of the board and, subject to the aforementioned, prepare a description of the role and capabilities required to fulfil the appointment.

When board positions become available as a result of retirement or resignation, the committee will ensure that a diverse group of candidates is considered. In order to recruit relevant candidates, the identification of such candidates may be carried on in conjunction with the board by an independent firm of consultants. If such a process is not used, the committee will disclose the reasons in the Directors' Report in the next Annual Report and Accounts.

The committee will consider candidates on merit and against objective criteria having regard to the benefits of diversity, including gender.

Unless nominated by the board, a person nominated as a director is not eligible for election at a general meeting unless a shareholder who is entitled to vote at the meeting gives the company secretary at least six clear days' written notice of his intention to propose the relevant nominee for election, along with a notice in writing signed by the nominee confirming his willingness to be elected.

Remuneration committee

The board has appointed a remuneration committee to recommend pay and conditions for the board and employees. It has written terms of reference which are shown on the company's website. The committee is chaired by Hamish Buchan. Further details of directors' remuneration are included in the Directors' Remuneration Report on pages 21 and 22.

The company aims to provide levels of employee remuneration which reward responsibility and achievement and are comparable with other fund management organisations operating in Scotland. Remuneration is reviewed annually.

Every employee is entitled to a salary and other benefits including a contributory pension scheme. In addition, there is a discretionary performance-related bonus scheme. For investment staff, bonuses payable depend, inter alia, on individual performance, the company's NAV total return and the NAV total return relative to comparator indices and peers. For other staff, bonuses depend, inter alia, on individual performance and share price total return. Notice periods for all members of staff range from three to six months.

Diversity Policy

The company recognises the need to consider the diversity of its staff and its board of directors. As a general principle, the company will show no bias for age, gender, race, sexual orientation, marital status, religion, nationality, ethnic or national origins, or disability in considering the appointment of staff or board members.

The structure, size and composition of the board of directors are reviewed at least annually by the nomination committee ensuring an appropriate balance of skills, experience, independence and knowledge. In considering new appointments to the board, the committee recognises the benefits of diversity on the board, including gender. The committee will consider both male and female candidates and ensure appointments are made on the basis of merit against objective criteria. As all appointments will be based on merit and in view of the small size of the board, the board does not consider it appropriate to set diversity targets.

Relations with Shareholders

The company recognises the value of good communication with its shareholders. The management meets regularly with private client stockbrokers and the company's major institutional shareholders. The board receives regular briefings from the company's broker. Newsletters are sent to shareholders during the year and are posted on the company's website.

The annual general meeting of the company is the main forum at which shareholders can ask questions of the board and the management. All shareholders are encouraged to attend the AGM and to vote on the resolutions which are contained in the Notice of Meeting on page 48 and which is posted to shareholders at least 21 days prior to the meeting. Shareholders who cannot attend the AGM are encouraged to vote by proxy on the resolutions. Proxy voting figures are given at the end of the meeting.

Any shareholder who wishes to ask a question at another time should write to the chairman.

Going Concern

The accounts of the company have been prepared on a going concern basis. It is the opinion of the directors that, as most of the company's assets are readily realisable and exceed its liabilities, it is expected that the company will continue in operational existence for the foreseeable future.

Annual General Meeting

Venue

The company's 128th AGM will be held at The Royal College of Physicians of Edinburgh, 9 Queen Street, Edinburgh, EH2 1JQ on Friday 29 January 2016 at 10.30am.

Board recommendation

The board considers that the resolutions to be proposed at the AGM are all in the best interests of the company and of shareholders as a whole and recommends that shareholders vote in favour of them.

Resolutions 1 to 11 are self explanatory. Resolution 12, set out in the Notice of the Annual General Meeting on page 48, seeks to renew the authority to repurchase shares until 29 April 2017. The principal reasons for such repurchases are to enhance the NAV of the shares by repurchasing shares for cancellation at prices which, after allowing for costs, improve the NAV for remaining shareholders and to allow implementation of the company's share buyback policy.

Under the Listing Rules of the UK Listing Authority, the maximum price that may be paid on the exercise of the authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares as derived from the Daily Official List of the London Stock Exchange over the five business days immediately preceding the date of purchase and, (ii) the higher price of the last independent trade and the highest current independent bid. The minimum price which may be paid is 25p per share.

Resolution 12 will be proposed as a special resolution that requires to be passed by a three-quarters majority of votes cast at the AGM.

Voting Policy

Management reviews resolutions put to general meetings of the companies in which it invests and, wherever practicable, will cast its vote, usually by proxy.

Carbon Emissions

The company's carbon emissions result predominantly from its consumption of electricity at its single office. Using Defra/DECC's GHG conversion factors for company reporting 2015, emissions for the year to September 2015 were 55.8 tonnes of CO_2e (2014: 56.40 tonnes CO_2e). This equates to 0.13 tonnes of CO_2e (2014: 0.13 tonnes of CO_2e) per square metre.

By order of the board.

Steven Hay

Steven Hay
Company Secretary
14 December 2015

Report of the Audit Committee

The audit committee comprises the whole board and is chaired by Ian Hunter.

The audit committee has written terms of reference which are shown on the company's website. Its duties include risk assessment, reviewing internal controls, the company's accounting policies, financial statements prior to their release and the company's procedures on whistleblowing. The committee is also responsible for all aspects of the company's relationship with its external auditor including:

- reviewing the scope and effectiveness of the annual audit;
- the auditor's remuneration;
- the terms of engagement; and
- the level of non-audit work, if any, carried out by the auditor.

Annual Report

The audit committee reviews the Annual Report and Accounts to ensure it is fair, balanced and understandable.

Internal Controls

The company does not have an internal audit function as the audit committee believes that the company's straightforward structure and small number of employees do not warrant such a function. This is reviewed by the committee annually.

The committee is responsible for ensuring that the company has in place an effective system of internal controls designed to maintain the integrity of accounting records and to safeguard the company's assets. The committee has applied the UK Corporate Governance Code by establishing a continuous process for identifying, evaluating and managing the significant risks the company faces.

In compliance with the UK Corporate Governance Code, the committee reviews the effectiveness of the company's system of internal controls at six-monthly intervals.

The committee's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from management and considering whether significant risks are identified, evaluated, managed and controlled, and whether any significant weaknesses are promptly remedied or require more extensive monitoring. During the course of its review of the system of internal controls, the committee has not identified, nor been advised of, any material failings or weaknesses. Therefore a confirmation in respect of necessary actions has not been considered appropriate.

The committee also monitors the controls and risk management of the company's custodian, Northern Trust.

There are procedures in place to ensure that:

- all transactions are accounted for accurately and reported fully to the board;
- management observes the authorisation limits set by the board;
- there is clear segregation of duties so that no investment transaction can be completed by one person;
- control activities are regularly checked; and
- legal and regulatory obligations are met.

The committee recognises that such systems can only provide reasonable, but not guaranteed, assurance against material misstatement or loss.

Significant Issues

The committee considers the risks that may have an impact on the company's financial statements.

The valuation and ownership of the company's investments are risks. Investments are valued in accordance with the accounting policy on page 30. The prices of all investments are agreed with an independent source and the ownership of each investment agreed through confirmation received from the company's independent global custodian, Northern Trust.

The incomplete or inaccurate recognition of income in the financial statements are also risks. Internal control systems, including frequent reconciliations, are in place to ensure income is fully accounted for. The board is provided with information on the company's income account at each meeting.

Auditor

Assessment

The company's auditor, Deloitte LLP, was appointed in 2002. The committee reviews annually the services provided and the related fees. The corporate governance provisions relating to audit tenure have been reviewed and the committee is of the opinion there is no need to conduct a competitive tender at the present time. The fees for audit and non-audit services were £29,100 (2014: £28,200) and £16,850 (2014: £16,550) respectively. Non-audit services include: Tax compliance £6,800; assurance services £4,400 and Pension scheme audit £5,650.

The audit committee reviews and approves any non-audit services provided by the auditor and assesses the impact of any non-audit work on the ability of the auditor to remain independent.

Partner rotation

The audit partners responsible for the audit are rotated every five years. Andrew Partridge, the current audit partner, was appointed this year.

Report of the Audit Committee (continued)

Independence

The committee has satisfied itself of the continuing independence of Deloitte LLP. The committee confirms the level of non-audit work undertaken does not compromise independence.

Re-appointment of auditor

A resolution to re-appoint Deloitte LLP as the company's auditor, and to authorise the directors to fix its remuneration, will be proposed at the forthcoming annual general meeting.

Disclosure of information to auditor

It is the company's policy to allow the auditor unlimited access to its records. The directors confirm that, so far as each of them is aware, there is no relevant audit information of which the company's auditor is unaware and they have taken all the steps which they should have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Ian Hunter
Director
14 December 2015

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 incorporating The Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the Directors' Remuneration Report Regulations 2002. An ordinary resolution for the approval of the directors' remuneration report will be put to shareholders at the AGM on 29 January 2016.

Remuneration Committee

The company has a remuneration committee, the terms of reference of which include setting the fees of the directors. The full terms of reference are posted on the company's website. The committee is chaired by Hamish Buchan and the other members are Douglas McDougall, Russell Napier, James Will and Ian Hunter.

Policy on Directors' Fees

On 31 October 2015, the board consisted of five directors, all of whom are non-executive. Directors' fees are set by the remuneration committee with a view to attracting individuals of appropriate calibre and experience, taking into account the time commitment required and the level of fees paid by similar investment trusts. Fees recommended by the remuneration committee are subject to approval by the board. The company's articles of association provide for a maximum level of total remuneration of £250,000 in the aggregate payable to directors in any financial year.

The policy on Directors' Fees was approved at the AGM held in January 2014 and it is intended that this policy will apply for the period up to 31 October 2016.

The remuneration committee agreed to an increase in directors' fees, with effect from 1 November 2013, to £50,000 per annum for the chairman and £30,000 per annum for other directors.

Directors are remunerated exclusively by fixed fees in cash and do not receive bonuses, share options, long-term incentives, pension or other benefits. There were no changes to the level of directors' fees during the financial year.

Remuneration	Proposed fees for the year to 31 October 2016 £	Actual fees for the year to 31 October 2015 £
Chairman	50,000	50,000
Non-executive director	30,000	30,000

Directors' Emoluments (audited)

Fees	Year to 31 October 2015 £	Year to 31 October 2014 £
Douglas McDougall	50,000	50,000
Hamish Buchan	30,000	30,000
Russell Napier	30,000	30,000
James Will	30,000	30,000
Ian Hunter (appointed December 2014)	25,952	–
James MacLeod (retired January 2015)	7,500	30,000
	173,452	**170,000**

James MacLeod received no additional remuneration on retirement.

As all the directors are non-executive and their fees are payable quarterly with no performance-based element, there is no correlation between the directors' fees and the employees' remuneration. The company is of the view therefore, that it is not necessary to consult with employees when drawing up the remuneration report.

Service Contracts

The directors do not have service contracts. All directors retire and seek re-election annually.

Directors' Interests

The interests of the directors and their families in the company's capital are as follows:

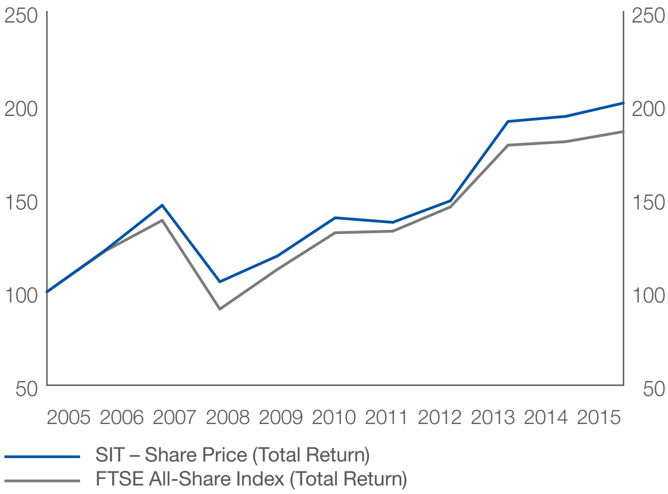
	Shares of 25p 31 October 2015	Shares of 25p 31 October 2014
Douglas McDougall	60,000	60,000
Hamish Buchan	22,325	22,325
Russell Napier	14,000	14,000
James Will	8,000	6,000
Ian Hunter	22,608	–

In addition to the 8,000 shares held, Mr Will is a trustee of a trust which holds 22,000 shares in the company. Mr Will is beneficially or potentially beneficially interested in this holding.

There were no changes in the directors' interests between 31 October 2015 and 9 December 2015.

Company Performance

The graph below shows the company's ten year share price total return compared to the notional total return of the UK FTSE All-Share Index over the same period.



Source: Thomson Reuters

This index has been chosen as it is a common performance comparator for companies such as SIT.

Relative Importance of Directors' Fees

	2015 £'000	2014 £'000	% Change
Directors' fees	173	170	1.8
Expenses	4,900	4,887	0.3
Staff costs	3,117	3,056	2.0
Dividends paid and proposed	16,981	13,013	30.5

Directors' Fees as a Percentage of:	2015 %	2014 %
Expenses	3.5	3.5
Staff costs	5.6	5.6
Dividends paid and proposed	1.0	1.3

Excluding discretionary performance-related bonuses, expenses increased by 1.5% and staff costs increased by 4.4%.

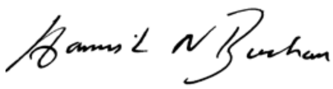
Further details of the company's expenses and staff costs can be found in notes 2 and 3, respectively, on page 31 and of dividends paid in note 7 on page 35.

Approval

Voting on the resolution to approve the Directors' Remuneration Report 2014, at the company's AGM on 30 January 2015, was as follows:

Resolution	% For	% Against	% Withheld
Approve directors' remuneration report	98.8	1.2	0.0

The Directors' Remuneration Report 2015 was approved by the board on 4 December 2015 and signed on its behalf by the chairman of the remuneration committee.



Hamish Buchan
Director
14 December 2015

Independent Auditor's Report

To the members of The Scottish Investment Trust PLC

Opinion on Financial Statements of The Scottish Investment Trust PLC

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2015 and of the company's profit for the year then ended;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice issued by the Association of Investment Companies in January 2009 "Financial Statements of Investment Trust Companies and Venture Capital Trusts"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements comprise the Income Statement, Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Movements in Shareholders' Funds, Cash Flow Statement, Accounting Policies and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice issued by the Association of Investment Companies in January 2009 "Financial Statements of Investment Trust Companies and Venture Capital Trusts".

Going Concern and the Directors' Assessment of the Principal Risks That Would Threaten the Solvency or Liquidity of the Company

As required by the Listing Rules, we have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within accounting policy (a) to the financial statements and the directors' statement on the longer-term viability of the company contained within the Strategic Report on page 7.

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 6 that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 19 and 39 to 44 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in accounting policy (a) to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the director's explanation on page 7 as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the company and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our Assessment of Risks of Material Misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Valuation and ownership of listed investments Listed investments of £772.3m (2014: £764.8m) represent the most significant number on the balance sheet and are the main driver of the company's performance. Listed investments represented 91.9% (2014: 90.9%) of total assets of the company at 31 October 2015 (see accounting policy (b) and note 8). There is a risk that the prices quoted in respect of the listed investments held by the company may not be reflective of fair value. There is a risk over whether listed investments recorded are the property of the company.	We have performed the following procedures to address this risk: • critically assessed the design and implementation of the controls over valuation and ownership of investments; • reviewed the Northern Trust controls report to understand and evaluate the design and implementation of controls around ownership of investments; • confirmed 100% of the bid prices of quoted investments on the investment ledger at year end to closing bid prices published by an independent pricing source; and • confirmed 100% of the company's investment portfolio at the year end to confirmations received directly from the custodian and depositary.

Risk	How the scope of our audit responded to the risk
Recognition of investment income Dividend income of £23.8m (2014: £19.5m) represents 98.7% (2014: 98.2%) of the total income of the trust (see note 1). Dividends from equity shares are accounted for on an ex-dividend basis. Overseas dividends are accounted for on an ex-dividend basis and included gross of withholding tax. There is a risk that revenue is incomplete.	We have performed the following procedures to address this risk: • critically assessed the design and implementation of the controls over revenue recognition including management's monitoring of accuracy and completeness of revenue; • for a sample of investments held, agreed the ex-dividend dates and rates for dividends declared during the year and agreed the amounts recorded within the general ledger to confirm that the recognition policy has been applied consistently; and • agreed a sample of dividend income receipts to bank statements.

The description of risks above should be read in conjunction with the significant issues considered by the audit committee discussed on page 19.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our Application of Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the company to be £7.3m (2014: £7.3m), which is 1% (2014: 1%) of net assets.

We agreed with the audit committee that we would report to the committee all audit differences in excess of £147,000 (2014: £147,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the audit committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An Overview of the Scope of Our Audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which We are Required to Report by Exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006, we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report arising from these matters.

Corporate Governance Statement

Under the Listing Rules, we are also required to review the part of the Corporate Governance Statement relating to the company’s compliance with ten provisions of the UK Corporate Governance Code.

We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors’ statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

We confirm that we have not identified any such inconsistencies or misleading statements.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors’ Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Andrew Partridge CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor,
Edinburgh, United Kingdom
14 December 2015

Income Statement

for the year to 31 October 2015

	Notes	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Net gains on investments held at fair value through profit and loss	8	–	15,778	15,778	–	4,478	4,478
Net gains/(losses) on currencies		–	3	3	–	(1,993)	(1,993)
Income	1	24,057	–	24,057	19,854	–	19,854
Expenses	2	(2,892)	(2,008)	(4,900)	(2,884)	(2,003)	(4,887)
Net Return before Finance Costs and Taxation		21,165	13,773	34,938	16,970	482	17,452
Interest payable	5	(3,096)	(3,095)	(6,191)	(3,096)	(3,095)	(6,191)
Return on Ordinary Activities before Tax		18,069	10,678	28,747	13,874	(2,613)	11,261
Tax on ordinary activities	6	(984)	–	(984)	(1,298)	–	(1,298)
Return attributable to Shareholders		**17,085**	**10,678**	**27,763**	**12,576**	**(2,613)**	**9,963**
Return per share		**15.91p**	**9.95p**	**25.86p**	**11.51p**	**(2.39)p**	**9.12p**
Weighted average number of shares in issue during the year			**107,353,426**			**109,263,104**	

	Notes	2015 £'000	2014 £'000
Dividends paid and proposed	7		
Interim 2015 – 5.00p (2014: 4.80p)		5,366	5,232
Final 2015 – 7.50p (2014: 7.20p)		7,919	7,781
Special 2015 – 3.50p (2014: nil)		3,696	–
Total 2015 – 16.00p (2014: 12.00p)		**16,981**	**13,013**

All revenue and capital items in the above statement derive from continuing operations.

The total column of this statement is the profit and loss account of the company.

The accompanying notes are an integral part of this statement.

Balance Sheet
as at 31 October 2015

	Notes	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed Assets					
Equity investments	8		774,236		767,179
Current Assets					
Debtors	10	24,641		5,649	
Cash	8	14,815		12,974	
Cash equivalents	8	59,138		70,000	
		98,594		88,623	
Creditors: liabilities falling due within one year	11	(32,825)		(14,613)	
Net Current Assets			**65,769**		**74,010**
Total Assets less Current Liabilities			**840,005**		**841,189**
Creditors: liabilities falling due after more than one year					
Long-term borrowings at par	12		(104,399)		(104,283)
Pension liability	4		(2,550)		(2,613)
Net Assets			**733,056**		**734,293**
Capital and Reserves					
Called-up share capital	13		26,397		27,017
Share premium account	14		39,922		39,922
Other reserves					
Capital redemption reserve	14		44,464		43,844
Capital reserve	14		570,812		575,735
Revenue reserve	14		51,461		47,775
Shareholders' Funds			**733,056**		**734,293**
Net Asset Value per share with borrowings at par			**694.3p**		**679.5p**
Number of shares in issue at year end	13		**105,587,426**		**108,066,926**

The financial statements on pages 26 to 44 were approved by the board of directors and were signed on its behalf by:

Douglas McDougall
Director
14 December 2015

The accompanying notes are an integral part of this statement.

Statement of Total Recognised Gains and Losses
for the year to 31 October 2015

	Notes	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Return attributable to shareholders		17,085	10,678	27,763	12,576	(2,613)	9,963
Actuarial losses relating to pension scheme	4	(252)	(175)	(427)	(292)	(203)	(495)
Total recognised gains/(losses) for the year		**16,833**	**10,503**	**27,336**	**12,284**	**(2,816)**	**9,468**
Total recognised gains/(losses) per share		**15.68p**	**9.78p**	**25.46p**	**11.24p**	**(2.57)p**	**8.67p**

Reconciliation of Movements in Shareholders' Funds
for the year to 31 October 2015

	Notes	2015 £'000	2014 £'000
Opening shareholders' funds		734,293	750,818
Total recognised gains		27,336	9,468
Dividend payments	7	(13,147)	(14,685)
Share buybacks		(15,426)	(11,308)
Closing shareholders' funds		**733,056**	**734,293**

The accompanying notes are an integral part of these statements.

Cash Flow Statement
for the year to 31 October 2015

	Notes	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Net Cash Inflow from Operating Activities			17,850		13,367
Servicing of Finance					
Net cash outflow from servicing of finance – interest paid			(6,075)		(6,075)
Taxation					
Net cash inflow from taxation – overseas tax recovered			205		54
Investing Activities					
Purchases of investments		(319,796)		(280,401)	
Disposals of investments		326,984		259,082	
Net cash inflow/(outflow) from investing activities			7,188		(21,319)
Dividends Paid	7		(13,147)		(14,685)
Net cash inflow/(outflow) before use of liquid resources and financing			6,021		(28,658)
Management of Liquid Resources					
Decrease in short-term deposits	15		10,862		44,774
Financing					
Net cash outflow from financing – share buybacks			(15,042)		(11,927)
Increase in Cash	15		**1,841**		**4,189**

	2015 £'000	2014 £'000
Reconciliation of Net Revenue before Finance Costs and Taxation to Net Cash Inflow from Operating Activities		
Net revenue before finance costs and taxation	21,165	16,970
Expenses charged to capital	(2,008)	(2,003)
(Increase)/decrease in accrued income	(92)	305
(Decrease)/increase in other creditors	(297)	4,045
Decrease/(increase) in other debtors	861	(3,983)
Movement in pension funding	(490)	(442)
Tax on investment income	(1,289)	(1,525)
Net Cash Inflow from Operating Activities	**17,850**	**13,367**

The accompanying notes are an integral part of this statement.

Accounting Policies

A summary of the principal accounting policies is set out in paragraphs (a) to (j) below. All have been applied consistently throughout the current and the preceding year:

(a) Basis of Accounting

The financial statements are prepared on a going concern basis (see page 18) under the historical cost convention, modified to include the revaluation of investments at fair value, and in accordance with applicable United Kingdom accounting standards. The company's accounting policies comply with the AIC Statement of Recommended Practice (SORP) issued in 2009 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'.

(b) Valuation of Investments

Listed investments and current asset investments are valued at fair value through profit and loss. Fair value is the closing bid or last traded price according to the recognised convention of the markets on which they are quoted. Where trading in the securities of an investee company is suspended, the investment is valued at the board's estimate of its net realisable value. Where appropriate, the directors have adopted the guidelines issued by the International Private Equity and Venture Capital Association for the valuation of unlisted investments. Heritable property is included at a professional valuation. Depreciation is not charged on heritable property as it is not material.

Realised surpluses or deficits on the disposal of investments, permanent impairments in the value of investments and unrealised surpluses and deficits on the revaluation of investments are taken to capital reserve as explained in note (i) below.

Year end exchange rates are used to translate the value of investments which are denominated in foreign currencies.

(c) Valuation of Debt

The company's secured bonds and debentures are held at amortised cost being the nominal value of the bonds in issue less the unamortised costs of issue.

(d) Income

Dividends receivable on quoted shares are brought into account on the ex-dividend date. Dividends receivable on shares where no ex-dividend date is quoted are brought into account when the company's right to receive payment is established.

Interest and other income from non-equity securities, including debt securities, are recognised on a time apportionment basis so as to reflect the effective yield on the securities.

Where the company elects to receive dividends in the form of additional shares (scrip dividends) rather than in cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash is recognised in capital reserves.

(e) Expenses

All expenses are accounted for on an accruals basis.

Investment expenses are allocated between revenue and capital reserve in line with the directors' expectations of the nature of long-term future returns from the company's investments (2014: same).

Expenses which are incidental to the acquisition or disposal of an investment are treated as part of the cost, or deducted from the sales proceeds, of the investment.

(f) Finance Costs

Interest payable is charged one-half to revenue reserve and one-half to capital reserve in line with the directors' expectations of long-term future returns from the company's investments (2014: same).

The discount on, and expenses of issue of, the secured bonds due 2030 are included in the financing costs of the issue which are being written off over the life of the bonds.

(g) Taxation

Current tax is provided at amounts expected to be paid (or recovered).

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted. The company has no deferred tax asset or liability.

(h) Foreign Currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates at the date of the transaction or, where appropriate, at the rate of exchange in a related forward contract. Assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in capital reserve or in the revenue account depending on whether the gain or loss is of a capital or revenue nature.

(i) Capital Reserve

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- realised and unrealised exchange differences of a capital nature;
- realised and unrealised gains and losses on transactions undertaken to hedge an exposure of a capital nature;
- the funding of share and secured bond buybacks;
- expenses and interest charged to capital;
- increases and decreases in the valuation of investments held at the year end; and
- increases and decreases in the valuation of the pension fund surplus or deficit.

(j) Pensions

Employer contributions for the defined benefit scheme are calculated by reference to the triennial actuarial valuation. Employer contributions for the defined contribution scheme are a predetermined percentage of the employee's salary.

Actuarial gains and losses are recognised in the Statement of Recognised Gains and Losses.

Further information on the company's pension schemes is contained in note 4 to the Financial Statements on pages 32 to 34.

Notes to the Financial Statements
for the year to 31 October 2015

1. Income

	2015 £'000	2014 £'000
UK dividends including special dividends of £374,000 (2014: £30,000)	7,333	4,779
Overseas dividends including special dividends of £462,000 (2014: £211,000)	16,423	14,717
Income from unlisted investments	86	–
Deposit interest	215	250
Gains on forward currency sales	–	108
	24,057	**19,854**

2. Expenses

	2015 £'000	2014 £'000
Staff costs (note 3)	3,117	3,056
Auditor's remuneration for audit services	29	28
Auditor's remuneration for pension scheme audit	6	6
Auditor's remuneration for tax compliance services	7	8
Auditor's remuneration for other assurance services	4	5
Investment & accounting services	325	396
Professional fees, marketing and scheme administration	417	344
Office expenses	296	253
Depositary, custody and bank charges	206	222
Other expenses	493	569
	4,900	**4,887**

3. Staff Costs

	2015 £'000	2014 £'000
Remuneration	2,343	2,290
Social security costs	268	243
Pensions and post-retirement benefits	506	523
	3,117	**3,056**

The average monthly number of persons employed during the year was:	2015 Number	2014 Number
Investment	8	11
Administration	8	8
	16	**19**

4. Pension Scheme

The company's defined benefit pension scheme based on final salary closed to future accrual on 30 September 2015. Members of the defined benefits pension scheme were enrolled in the company's defined contribution scheme on 1 October 2015. The assets of the scheme are held separately from those of the company. The scheme is under the control of trustees and is administered by Punter Southall & Co, consulting actuaries.

Actuarial valuations are obtained triennially and are updated at each balance sheet date. A full actuarial valuation was carried out in 2013 by Punter Southall & Co which disclosed a scheme deficit of £3,406,000 on 31 July 2013. The company has agreed to meet this deficit over nine years by equal instalments. It should be noted that this deficit differs from that disclosed by Financial Reporting Standard 17 (FRS17) which is set out below and which is the liability required to be shown in the financial statements. The main reason for the difference is that FRS17 requires future liabilities to be calculated actuarially using a rate of return based on the yield from investment grade corporate bonds which is lower than the expected rate of return on the equities in which the scheme is invested. The FRS17 liability is separately disclosed in the balance sheet.

For the defined benefit scheme, the amounts charged against revenue, as part of staff costs, are the actuarial estimation of 'current service costs' (that is, the increase in scheme liabilities arising from employee service) for the current accounting period and gains and losses from settlements (whereby the company is relieved of a pension obligation) and from curtailments (whereby the estimated years of future service are reduced) in the period. The cost of past service benefits which have vested are charged against revenue as they arise. Where such benefits have not vested, costs are accrued until vesting occurs.

The company operates a defined contribution scheme under which the company has agreed to pay contributions as a percentage of salary, but has no obligation to pay further contributions. For this scheme, the amount charged to revenue is the contributions payable for the year.

The following statement has been prepared for the defined benefit scheme in accordance with the requirements of FRS17, the purpose of which is to ensure that:

1. the company's financial statements show the assets of the scheme at fair value, and the liabilities arising from its obligations to employees on their retirement, actuarially estimated as prescribed by FRS17;
2. the operating costs of providing retirement benefits to employees, actuarially estimated, are charged against the profits of the years in which employees earn those benefits; and
3. the financial statements adequately disclose the cost of providing retirement benefits and the related gains, losses, assets and liabilities.

The major assumptions used for the actuarial valuation of the final salary scheme were:		2015 %	2014 %	2013 %	2012 %	2011 %
Rate of increase in salaries		3.2	3.2	3.2	3.7	3.7
Rate of increase in pensions in payment		3.8	3.8	3.8	3.5	3.5
Discount rate		4.3	4.3	4.4	4.8	5.0
Inflation	– RPI	3.6	3.6	3.7	3.1	3.1
	– CPI	2.8	2.8	2.9	2.3	2.5
Life expectancies on retirement at age 60 are:						
Retiring today	– males	28.1	27.9	27.8	27.7	27.6
	– females	30.8	30.7	30.6	30.5	30.4
Retiring in 20 years' time	– males	30.2	30.1	30.0	29.9	29.8
	– females	32.9	32.8	32.7	32.6	32.5

4. Pension Scheme (continued)

The fair value of the scheme assets and the present value of the scheme liabilities were:	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Equities	6,224	4,996	5,043	4,007	3,988
Bonds	5,717	5,922	4,879	3,845	3,648
With-profit policies	251	149	202	192	181
Cash	2,343	2,243	1,646	2,294	1,240
Total fair value of assets	14,535	13,310	11,770	10,338	9,057
Present value of scheme liabilities	(17,085)	(15,923)	(14,330)	(12,844)	(11,306)
Net pension liability	**(2,550)**	**(2,613)**	**(2,560)**	**(2,506)**	**(2,249)**

Reconciliation of the opening and closing balances of the present value of the scheme assets	2015 £'000	2014 £'000
Fair value of scheme assets at beginning of year	13,310	11,770
Expected return on scheme assets	685	643
Actuarial (losses)/gains	(70)	232
Contributions by employer	819	820
Contributions by scheme participants	31	38
Benefits paid	(240)	(193)
Fair value of scheme assets at end of year	**14,535**	**13,310**

Reconciliation of the opening and closing balances of the present value of the scheme liabilities	2015 £'000	2014 £'000
Liabilities at beginning of year	15,923	14,330
Current service cost	327	385
Interest cost	687	636
Contributions by scheme participants	31	38
Actuarial losses	357	727
Benefits paid	(240)	(193)
Liabilities at end of year	**17,085**	**15,923**

4. Pension Scheme (continued)

Analysis of amount chargeable to operating profit during the year	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Current service cost	358	423	407	369	370
Past service cost	–	–	–	41	–
Total operating charge	358	423	407	410	370
Employee contribution to be set off	(31)	(38)	(40)	(39)	(38)
Analysis of amount credited to other finance income:					
Expected return on assets	685	643	544	503	505
Interest on liabilities	(687)	(636)	(623)	(571)	(526)
Net return	(2)	7	(79)	(68)	(21)
Movement in deficit during year: Deficit at beginning of year	(2,613)	(2,560)	(2,506)	(2,249)	(2,040)
Movement in year:					
Current service cost	(358)	(423)	(407)	(369)	(370)
Past service cost	–	–	–	(41)	–
Contributions for year	850	858	747	782	732
Net return from other finance income	(2)	7	(79)	(68)	(21)
Actuarial losses in Statement of Total Recognised Gains and Losses	(427)	(495)	(315)	(561)	(550)
Deficit at end of year	**(2,550)**	**(2,613)**	**(2,560)**	**(2,506)**	**(2,249)**

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Analysis of the actuarial deficit in the statement of recognised gains and losses:					
Actual return less expected return on assets	(70)	232	274	163	(4)
Experience (losses)/gains on liabilities	(163)	(268)	607	(138)	(111)
Change in assumptions	(194)	(459)	(1,196)	(586)	(435)
Actuarial losses in Statement of Total Recognised Gains and Losses	**(427)**	**(495)**	**(315)**	**(561)**	**(550)**

History of experience gains and losses	2015 %	2015 £'000	2014 %	2014 £'000	2013 %	2013 £'000	2012 %	2012 £'000	2011 %	2011 £'000
Difference between actual and expected return on assets	(0)	(70)	2	232	2	274	2	163	0	(4)
Experience (losses)/gains on liabilities	(1)	(163)	(2)	(268)	4	607	(1)	(138)	(1)	(111)
Total amount recognised on Statement of Total Recognised Gains and Losses	(2)	(427)	(3)	(495)	2	(315)	(4)	(561)	(5)	(550)

The company's contributions to the defined contribution scheme amounted to £182,000 (2014: £105,000).

5. Interest Payable

	2015 £'000	2014 £'000
On secured bonds and debentures	6,075	6,075
Amortisation of secured bonds issue expenses	116	116
	6,191	**6,191**

6. Tax on Ordinary Activities

	2015 £'000	2014 £'000
Taxation		
UK corporation tax at 20.42% (2014: 21.83%)	–	–
Overseas tax	984	1,298
Current tax	**984**	**1,298**

The tax charge for the year is lower than that resulting from applying the standard rate of corporation tax in the UK of 21% for the tax year 2014/15 and 20% for the 2015/16 tax year.

	2015 £'000	2014 £'000
Return on ordinary activities before tax	28,747	11,261
Corporation tax at 20.42% (2014: 21.83%)	5,870	2,458
Effects of:		
Non-taxable capital returns	(2,181)	571
Finance costs and expenses charged to capital	(1,042)	(1,113)
Non-taxable dividends	(4,868)	(4,256)
Unutilised expenses	2,221	2,340
Overseas tax	984	1,298
	984	**1,298**

7. Dividends

	2015 £'000	2014 £'000
Dividends paid on shares recognised in the year:		
Previous year final of 7.20p per share (2013: 6.80p)	7,781	7,474
Previous year special of nil p per share (2013: 1.80p)	–	1,979
Interim of 5.00p per share (2014: 4.80p)	5,366	5,232
	13,147	**14,685**

8. Investments

	2015 £'000	2014 £'000
Investments listed on a recognised investment exchange	772,344	764,829
Unlisted investments	1,539	1,997
Subsidiary undertakings (note 9)	353	353
	774,236	**767,179**

	Listed in UK £'000	Listed overseas £'000	Unlisted £'000	Total £'000
Opening book cost	112,189	496,700	660	609,549
Opening unrealised appreciation	38,360	117,580	1,690	157,630
Opening valuation	**150,549**	**614,280**	**2,350**	**767,179**
Movements in the year:				
Purchases at cost	123,980	213,943	–	337,923
Sales – proceeds	(46,773)	(299,188)	(683)	(346,644)
– realised gains on sales	16,865	78,740	602	96,207
Decrease in unrealised appreciation	(12,863)	(67,189)	(377)	(80,429)
Closing valuation	**231,758**	**540,586**	**1,892**	**774,236**
Closing book cost	206,261	490,195	579	697,035
Closing unrealised appreciation	25,497	50,391	1,313	77,201
Closing valuation	**231,758**	**540,586**	**1,892**	**774,236**

Total purchases of equities amounted to £337,923,000 (2014: £289,447,000) and sales were £346,644,000 (2014: £258,119,000). The purchases at cost and sales proceeds figures include transaction costs of £2,062,000 (2014: £1,344,000), comprising commissions, government stamp duty and other fees.

Unlisted investments include heritable property valued at £1,050,000 (2014: £875,000). The property was valued on an open market basis by Allied Surveyors Scotland PLC, chartered surveyors, on 8 October 2015.

	2015 £'000	2014 £'000
Realised gains on sales	96,207	24,919
Decrease in unrealised appreciation	(80,429)	(20,441)
Net gains on investments	**15,778**	**4,478**

8. Investments (continued)

Financial assets – cash and deposits	2015 Fixed £'000	2015 Floating £'000	2015 Total £'000	2014 Fixed £'000	2014 Floating £'000	2014 Total £'000
Sterling	30,000	9,972	39,972	70,000	9,720	79,720
US dollar	29,138	4,843	33,981	–	3,254	3,254
	59,138	**14,815**	**73,953**	**70,000**	**12,974**	**82,974**

The maximum period for fixed rate deposits outstanding at the year end was 6 days (2014: 7 days). The weighted average fixed interest rate at the year end was 0.19% (2014: 0.32%). Floating interest rates vary in relation to short-term rates in the currencies in which deposits are held.

9. Subsidiary Undertakings

The company has investments in the following subsidiary undertakings:

Name of undertaking	Principal activities	Country of incorporation and voting and operation	Description of shares held	Proportion of nominal value of issued shares and voting rights held
Hurtree Limited	Investment	UK	Ordinary	100%
SIT Savings Limited	AIFM and investment products	UK	Ordinary	100%

The accounts of these subsidiaries have not been consolidated with those of the parent company as, in the opinion of the directors, the amounts involved are not material. The directors are satisfied that the valuation of the subsidiaries reflects and does not exceed the value of the underlying assets.

10. Debtors

	2015 £'000	2014 £'000
Amounts due from brokers	22,898	4,020
Overseas tax recoverable	423	324
Prepayments and accrued income	1,320	1,305
	24,641	**5,649**

11. Creditors: Liabilities Falling Due Within One Year

	2015 £'000	2014 £'000
Amounts due to brokers	31,790	14,074
Other creditors	1,035	539
	32,825	**14,613**

12. Creditors: Liabilities Falling Due After More Than One Year

	2015		2014	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
4% Perpetual Debenture Stock	350	301	350	298
4¼% Perpetual Debenture Stock	700	640	700	632
5% Perpetual Debenture Stock	1,009	1,086	1,009	1,073
5¾% Secured Bonds due 17 April 2030	102,340	121,567	102,224	121,602
	104,399	**123,594**	**104,283**	**123,605**

The secured bonds are secured by a floating charge over the assets of the company and have a redemption value in 2030 of £104,015,000.

The debenture stocks and secured bonds are stated in the balance sheet at book value. Restating them at market value of £123.6m (2014: £123.6m) has the effect of decreasing the year end NAV per share from 694.3p to 676.1p (2014 decreasing from: 679.5p to 661.6p). Market value is the estimated fair value of the company's secured bonds and debenture stocks. The current estimated fair value of the company's borrowings is based on the redemption yield of the relevant existing reference gilt plus a margin derived from the spread of BBB UK corporate bond yields (15 years+) over UK gilt yields (15 years+). The reference gilt for the secured bonds is the 6% UK Treasury Stock 2028 and the reference gilt for the perpetual debenture stocks is the longest-dated UK Treasury stock listed in the Financial Times.

£21,188,000 of the 5¾% Secured Bonds due 17 April 2030 were repurchased on 4 December 2015.

13. Called-Up Share Capital

	2015	2014
Shares of 25p	£26,397,000	£27,017,000
Number of shares in issue	105,587,426	108,066,926

2,479,500 shares were repurchased in the stockmarket during the year to 31 October 2015 (2014: 1,913,000).

545,000 shares were repurchased from 1 November 2015 to 9 December 2015.

14. Reserves

	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000
At 31 October 2014	39,922	43,844	575,735	47,775
Net gains on currencies	–	–	3	–
Net gains on realisation of investments	–	–	96,207	–
Decrease in unrealised appreciation	–	–	(80,429)	–
Share buybacks	–	620	(15,426)	–
Actuarial losses relating to pension scheme	–	–	(175)	(252)
Expenses and interest charged to capital	–	–	(5,103)	–
Return attributable to shareholders	–	–	–	17,085
Dividends paid	–	–	–	(13,147)
At 31 October 2015	**39,922**	**44,464**	**570,812**	**51,461**

15. Analysis of Changes in Net Debt During the Year

	31 October 2014 £'000	Cash flows £'000	Non-cash movements £'000	31 October 2015 £'000
Cash	12,974	1,841	–	14,815
Short-term deposits	70,000	(10,862)	–	59,138
Long-term borrowings at par	(104,283)	–	(116)	(104,399)
	(21,309)	**(9,021)**	**(116)**	**(30,446)**

16. Contingencies, Guarantees and Financial Commitments

	2015 £'000	2014 £'000
Contingencies, guarantees and financial commitments of the company at the year end, which have not been accrued, are as follows:		
Commitments to provide additional funds to investees	**753**	**727**

17. Financial Instruments

Summary of financial assets and financial liabilities by category

The company's financial assets and financial liabilities at the balance sheet date are as follows. The Accounting Policies on page 30 explain how the various categories of financial instrument are measured.

	2015 £'000	2014 £'000
Financial assets		
Financial assets at fair value through profit and loss:		
Fixed asset investments – designated as such on initial recognition	774,236	767,179
Current assets:		
Debtors	24,641	5,649
Cash and deposits	73,953	82,974
	98,594	88,623
	872,830	**855,802**
Financial liabilities		
Creditors: liabilities falling due within one year		
Amounts due to brokers	(31,790)	(14,074)
Other creditors	(1,035)	(539)
	(32,825)	(14,613)
Creditors: liabilities falling due after more than one year		
Long-term borrowings at par	(104,399)	(104,283)
Pension liability	(2,550)	(2,613)
	(106,949)	(106,896)
	(139,774)	**(121,509)**

17. Financial Instruments (continued)

Risk management policies and procedures

As an investment trust, the company invests in equities and other investments for the long term so as to secure its investment objective stated on page 1. In pursuing its investment objective, the company is exposed to a variety of risks that could result in a reduction in the company's net assets and a reduction in the profits available for dividend.

The main risks include investment and market price risk (comprising foreign currency risk and interest rate risk), liquidity risk and credit risk. The directors' approach to the management of these risks is set out below. The directors of the company and of SIT Savings Limited coordinate the company's risk management.

The company's policies and processes for managing the risks, and the methods used to measure the risks, which are set out below, have not changed from those applied in the previous year.

a. Investment and market price risk

The holding of securities and investing activities involve certain inherent risks. Events may occur which affect the value of investments. The company holds a portfolio which is well diversified across industrial and geographical areas to help minimise these risks. It may also use derivatives. From time to time, the company may wish to use derivatives in order to protect against a specific risk or to facilitate a change in investment strategy such as the movement of funds from one area to another. No such transaction may take place without the prior authorisation of the board.

b. Foreign currency risk

Approximately 70% of the company's assets are invested overseas which gives rise to a currency risk. From time to time, specific hedging transactions are undertaken. The company's overseas income is subject to currency movements. The currency profile of the company's monetary assets and liabilities is set out in Notes 8 and 12 on pages 36 and 38.

Management of the risk

Management monitors the company's exposure to foreign currencies on a daily basis, and reports to the board at regular intervals. Management measures the risk to the company of the foreign currency exposure by considering the effect on the company's net asset value and income of a movement in the rates of exchange to which the company's assets, liabilities, income and expenses are exposed.

Foreign currency borrowings and forward currency contracts may be used to limit the company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments or the income received from them. These borrowings and contracts are limited to currencies and amounts commensurate with the asset exposure to those currencies.

Income denominated in foreign currencies is converted to sterling on receipt. The company does not use financial instruments to mitigate the currency exposure in the period between the time that income is receivable and its receipt.

17. Financial Instruments (continued)

Foreign currency exposure

The fair values of the company's monetary items denominated in foreign currencies at 31 October 2015 and 31 October 2014 are shown below.

2015	US $ £'000	Euro £'000	Other £'000
Debtors (amounts due from brokers, dividends receivable and accrued income)	15,776	141	4,959
Creditors (amounts due to brokers)	(10,684)	–	(9,848)
Cash	33,981	–	–
Foreign currency exposure on net monetary items	39,073	141	(4,889)
Equity investments at fair value through profit and loss	198,084	110,635	232,357
Total net foreign currency exposure	**237,157**	**110,776**	**227,468**
2014			
Debtors (amounts due from brokers, dividends receivable and accrued income)	412	2,120	2,582
Creditors (amounts due to brokers)	(2,473)	(1,999)	(2,021)
Cash	3,254	–	–
Foreign currency exposure on net monetary items	1,193	121	561
Equity investments at fair value through profit and loss	277,359	134,050	206,763
Total net foreign currency exposure	**278,552**	**134,171**	**207,324**

The above year end amounts are not representative of the exposure to risk during the year, because the levels of foreign currency exposure may change significantly throughout the year. The maximum and minimum net monetary assets/(liabilities) amounts for each currency were as follows.

Year to 31 October 2015	US $ £'000	Euro £'000	Other £'000
Maximum	39,021	13,036	6,500
Minimum	793	–	(7,982)
Year to 31 October 2014			
Maximum	69,567	1,090	11,970
Minimum	781	–	(1,960)

17. Financial Instruments (continued)

Foreign currency sensitivity

The following table illustrates the sensitivity of the total return for the year and the shareholders' funds in regard to the company's monetary financial assets and financial liabilities. It assumes a 10% depreciation of sterling against both the US dollar and the euro at 31 October 2015. These percentages have been determined based on the average market volatility in exchange rates in the previous twelve months. The sensitivity analysis is based on the company's monetary foreign currency financial instruments held at each balance sheet date.

	2015 US $ £'000	2015 Euro £'000	2014 US $ £'000	2014 Euro £'000
If sterling had weakened by 10% against the currencies shown, this would have had the following effect:				
Income statement – return on ordinary activities after taxation:				
Revenue return	580	473	478	357
Capital return	23,699	11,064	27,814	13,405
Return attributable to shareholders	**24,279**	**11,537**	**28,292**	**13,762**

A 10% strengthening of sterling against the above currencies would result in an equal and opposite effect on the above amounts.

In the opinion of the directors, the above sensitivity analyses are broadly representative of the whole of the current and comparative years.

c. Interest rate risk

The company finances its operations through a combination of investment realisations, retained revenue reserves, debenture stocks and secured bonds. All debenture stocks and secured bonds are at fixed rates. Details of interest rates on financial assets are included in note 8 on page 37. Details of interest rates on financial liabilities are included in note 12 on page 38.

Management of the risk

The company finances part of its activities through borrowings at levels which have been approved and are monitored by the board.

Interest rate exposure

The exposure, at the year end, of financial assets and financial liabilities to interest rate risk is shown by reference to floating interest rates.

	2015 Within one year £'000	2015 More than one year £'000	2015 Total £'000	2014 Within one year £'000	2014 More than one year £'000	2014 Total £'000
Exposure to floating interest rates						
Cash	14,815	–	14,815	12,974	–	12,974
Exposure to fixed interest rates						
Short-term deposits	59,138	–	59,138	70,000	–	70,000
Long-term borrowings	–	(104,399)	(104,399)	–	(104,283)	(104,283)
Total exposure	**73,953**	**(104,399)**	**(30,446)**	**82,974**	**(104,283)**	**(21,309)**

17. Financial Instruments (continued)

Interest rate sensitivity

If interest rates had decreased by 5%, with all other variables held constant, the return attributable to shareholders as shown on the Income Statement would have decreased by the amounts shown in the table below:

	2015 £'000	2014 £'000
Return attributable to shareholders	**(11)**	**(12)**

A 5% increase in interest rates would result in an equal and opposite effect on the above amounts.

d. Liquidity risk

Almost all of the company's assets comprise listed securities which represent a ready source of funds. In addition, the company has access to short-term borrowing facilities. The maturity profile of the company's borrowings is included in note 12 on page 38.

Management of the risk

Liquidity risk is not as significant as the other risks as most of the company's assets are investments in quoted equities and are readily realisable. The manager reviews the liquidity of the portfolio when making investment decisions.

e. Credit risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the company suffering a loss.

Credit risk exposure

The amounts shown in the balance sheet under debtors and cash and deposits represent the maximum exposure to credit risk at the current and comparative year ends.

Cash comprises balances held by banks with a satisfactory credit rating (2014: same).

Management of the risk

This risk is managed as follows:

- by only dealing with brokers and banks which have been approved by the audit committee and which have credit ratings assigned by international credit rating agencies; and
- by setting limits on the maximum exposure to any one counterparty at any time, which are reviewed semi-annually at meetings of the audit committee.

f. Capital management policies and procedures

The company carries on its business as a global growth investment trust. Its objective is 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.

The levels of gearing and gross gearing are monitored closely by the board and the manager. The company applies a ceiling on gearing of 20%. While gearing will be employed in a typical range of 0% to 20%, the company retains the ability to lower equity exposure to a net cash position if deemed appropriate.

The board, with the assistance of the management, monitors and reviews the structure of the company's capital on an ongoing basis. This review includes the planned level of gearing which will take into account the management's view on the market, the need to buy back shares for cancellation and the level of dividends.

The company's policies and processes for managing capital are unchanged from the previous year.

17. Financial Instruments (continued)

Fair value measurements recognised in the balance sheet

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from information other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 fair value measurements are those derived from valuation techniques not based on observable market data.

	2015 Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss	**772,344**	**–**	**1,892**	**774,236**

There were no transfers between Level 1 & 2 during the year (2014: same).

	2014 Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss	**764,829**	**–**	**2,350**	**767,179**

Reconciliation of Level 3 fair value measurements of financial assets	Fair value through profit and loss 2015 £'000
Balance at 31 October 2014	2,350
Purchase costs	–
Sales proceeds	(683)
Total profit: in profit and loss	225
Balance at 31 October 2015	**1,892**

The table above only includes financial assets. There were no financial liabilities measured at fair value on Level 3 fair value measurement bases.

18. Related Party Transactions

Directors' fees are detailed in the Directors' Remuneration Report on pages 21 and 22. There were no matters requiring disclosure under S412 of the Companies Act 2006.

Investor Information

How to Invest

The company's wholly-owned subsidiary, SIT Savings Ltd, provides a number of low-cost, flexible investment products which enable investors to acquire SIT shares easily.

STOCKPLAN

SIT's investment trust savings scheme is one of the most cost-effective available. There is no initial plan charge, other than stamp duty and dealing spread, and no annual charge. It costs just £12.50 to sell some or all of your holding. STOCKPLAN allows you to invest regularly (minimum investment £25 per month) and/or with a lump sum (minimum investment £250). There is no maximum investment limit and you can stop and restart investing at any time.

STOCKPLAN: A Flying Start

SIT's investing for children plan is based on the STOCKPLAN scheme. It benefits from the same low charges and flexibility and can be opened in one of two ways: either as a designated plan or, more formally, as a bare trust. STOCKPLAN: A Flying Start enables family and friends to invest on behalf of a child to help build savings for the future.

The SIT ISA

This is one of the lowest-charging investment trust company stocks and shares ISAs on offer. There is no initial plan charge, other than stamp duty and dealing spread, nor are there closure or selling charges. The annual management fee of 0.6% of the value of the investment is currently capped at £30 + VAT regardless of how much your SIT ISA investment grows or how many years' ISA allowances you have invested with SIT.

The SIT ISA Transfer

SIT can accept the transfer of existing stocks and shares ISAs from other qualifying managers into The SIT ISA at any time without losing the ISAs' tax status. SIT can also accept the transfer of cash ISAs into The SIT ISA. This would turn the cash ISA being transferred into a stocks and shares ISA. SIT makes no charge for transfers in. However, the current ISA manager may charge for administering the transfer out.

The SIT SIPP

This allows investment into SIT through a low-cost, flexible, self-invested personal pension. The wide choice of investments available, including SIT, enables you to tailor the investment combination in the SIPP to suit your particular needs and objectives – whether you are just starting to contribute to your pension or are approaching retirement. You can open a SIT SIPP even if you are already an active member of an employer's pension scheme or are contributing to other pension plans. You can also set up a SIT SIPP for a child or a non-earning spouse or partner.

In addition to these products, you can buy SIT shares directly on the stockmarket through a stockbroker or a share dealing platform. Your bank, lawyer, accountant or other professional adviser may also be able to help with this. SIT's registrar, Computershare Investor Services PLC, provides a share dealing service which can be accessed on its website, **www.investorcentre.co.uk** or by telephoning **0370 703 0195**.

Update on Tax-Efficient Investing

ISAs

- The overall annual ISA investment limit is currently £15,240.
- Up to the full £15,240 can be invested in a stocks and shares ISA with one provider. Alternatively, up to the full £15,240 can be put into a cash ISA, or into both a stocks and shares ISA and a cash ISA, splitting the £15,240 between the two as you wish.
- The annual ISA investment limit for the 2016/17 tax year is £15,240.
- If an ISA holder dies on, or after, 3 December 2014, the surviving spouse or civil partner can now inherit their ISA tax benefits provided they were married to, or in a civil partnership with, and living with their spouse/civil partner at the time of their death. The surviving spouse/civil partner is eligible for an allowance equal to the value of the ISA on the date of the holder's death. This Additional Permitted Subscription (APS) allowance is in addition to the surviving spouse/civil partner's annual ISA allowance.

Contact Telephone Numbers

Full contact details for SIT's scheme administrators and SIT's registrar can be found in the Useful Addresses section on page 51.

STOCKPLAN and **ISA** investors wishing to:

- give a change of address
- instruct a sale
- request a valuation
- make an investment using their debit card
- change the amount of their monthly investment
- obtain help with accessing their STOCKPLAN and ISA information online
- make general queries about their account or scheme

can contact the scheme administrator, Halifax Share Dealing Limited (HSDL), on: **0345 850 0181** or **0113 267 1063**.

SIT SIPP investors with questions about the administration of their SIPP, or any other pension-related enquiry, can contact the SIPP administrator, AJ Bell Management Limited, on: **0345 722 5525** or **0113 270 1154**.

Shareholders who hold share certificates can contact the registrar, Computershare Investor Services PLC, on: **0370 703 0195**.

Dividends

The following dividends have been paid or proposed during 2015:

Dividends	Amount	XD date	Record date	Payment date
Final 2015	7.50p	31 December 2015	4 January 2016	4 February 2016
Special 2015	3.50p	31 December 2015	4 January 2016	4 February 2016
Interim 2015	5.00p	18 June 2015	19 June 2015	20 July 2015
Final 2014	7.20p	2 January 2015	5 January 2015	5 February 2015

SIT STOCKPLAN and ISA schemes

The STOCKPLAN and ISA schemes provide automatic reinvestment of dividends. However, they also allow for dividends to be taken as income, if required. STOCKPLAN and ISA holders should contact the scheme administrator, HSDL, on **0345 850 0181** or **0113 267 1063** if they would like to change their dividend arrangements.

Shareholders who hold share certificates

Conversely, for shareholders who hold share certificates (investors whose names are on SIT's share register and who are not in SIT's schemes), dividends are automatically paid as income. However, it is easy to arrange to have these dividends reinvested by joining SIT's Dividend Reinvestment Plan (DRIP). Details are available from Computershare Investor Services, SIT's registrar, on **0370 703 0195**, or from the investor relations section on SIT's website, **www.sit.co.uk**

Monitoring Your Investment

SIT's share price, together with performance information and product details, can be found on SIT's website, **www.sit.co.uk**

A number of financial websites, such as the FT, **www.ft.com** and the London Stock Exchange, **www.londonstockexchange.com** carry share price information. In addition, the share price is published daily in most quality newspapers.

SIT publishes a daily NAV and a monthly factsheet on its website. An interim report is issued in June of each year and the annual report is distributed to all investors in late December. STOCKPLAN, STOCKPLAN: A Flying Start and ISA investors receive twice yearly statements of their holdings and SIT's investor newsletter is issued twice yearly.

Accessing Your Account Online

ISA, STOCKPLAN and STOCKPLAN: A Flying Start designated scheme investors

The above scheme investors may view their accounts online by registering with halifaxsharedealing-online. This can be accessed through the links in the various product sections on SIT's website, **www.sit.co.uk** or by visiting: **www.halifaxsharedealing.co.uk/online**

Please note, you will need your Share Dealing Personal Reference Number (PRN) to access this service. If you do not have this, please contact SIT's scheme administrator, HSDL, on **0345 850 0181** or **0113 267 1063**.

SIPP investors

SIPP investors can set up monthly payments, buy and sell shares and access their account online, by visiting: **www.halifaxsharedealing.co.uk/online**

Shareholders who hold share certificates

Investors who hold share certificates can check their holdings by registering on SIT's registrar's website, **www.investorcentre.co.uk** or through the link in the investor relations section on SIT's website, **www.sit.co.uk**

Please note that to access this facility, investors will need to quote the shareholder reference number shown on their share certificate.

By registering for the Investor Centre facility on Computershare's website, investors can also view details of all their holdings for which Computershare is registrar, as well as access additional facilities and documentation.

Please see **www.investorcentre.co.uk** for further information.

Electronic Communications

Shareholders who hold share certificates

Investors who hold share certificates (i.e. who are not in the STOCKPLAN, ISA or SIPP schemes, nor in a broker's nominee), may choose to receive SIT's interim and annual reports and other shareholder communications electronically instead of in paper form.

To register, simply visit the link in the investor relations section on SIT's website, **www.sit.co.uk** and provide email details. Investors will then be advised by email when an electronic communication is available to be accessed.

Shareholders' Meetings

Shareholders who hold share certificates

Investors who hold share certificates 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, STOCKPLAN: A Flying Start, ISA, and SIPP investors who invest in SIT

STOCKPLAN, STOCKPLAN: A Flying Start, ISA, and SIPP investors who invest in SIT are entitled to attend the AGM and other general meetings and vote by completing and returning the form of direction enclosed with this report.

The AGM will be held at the Royal College of Physicians of Edinburgh, 9 Queen Street, Edinburgh EH2 1JQ, on 29 January 2016 at 10.30am.

Electronic Voting

Shareholders who hold share certificates

Shareholders who hold share certificates are able to submit proxy votes electronically for the AGM. Please follow the instructions on your proxy card.

Personal Taxation

Income Tax

Currently, all UK dividends are paid to shareholders net of a tax credit of 10%. Non-tax payers cannot reclaim the tax credit.

Non-ISA shareholders liable to higher rates of tax will be assessed for any additional tax through their annual tax return.

Capital Gains Tax (CGT)

When investors sell all or part of their holdings, they may be liable to CGT. Currently, the first £11,100 per annum of such gains from all sources is exempt.

For investors who acquired shares 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.

ISA investments remain exempt from CGT.

Please remember that we are unable to offer individual investment or tax advice. If you require such advice, you should consult your professional adviser.

STOCKPLAN, STOCKPLAN: A Flying Start and The SIT ISA are provided by SIT Savings Limited which is authorised and regulated by the Financial Conduct Authority (FCA), 25 The North Colonnade, Canary Wharf, London E14 5HS.

Company Secretary

Steven Hay

Investor Relations and Compliance Manager

Alan Jamieson

Marketing Manager – SIT Savings Ltd

Sherry-Ann Sweeting

Risk Warning

Past performance may not be repeated and 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. The Scottish Investment Trust PLC has a long-term policy of borrowing money to invest in equities in the expectation that this will improve returns but should stockmarkets fall, such borrowings would magnify losses on these investments. SIT can buy back and cancel its own shares. All other things being equal, this would have the effect of increasing gearing. Investment in SIT is intended as a long-term investment. Tax rates and reliefs can change in the future and the value of any tax advantages will depend on personal circumstances.

Notice of Meeting

Notice is hereby given that the one hundred and twenty-eighth annual general meeting of The Scottish Investment Trust PLC will be held at The Royal College of Physicians of Edinburgh, 9 Queen Street, Edinburgh EH2 1JQ, on 29 January 2016 at 10.30am, for the purpose of transacting the following:

1. To receive and consider the directors' report and statement of accounts for the year to 31 October 2015.
2. To approve the directors' remuneration report for the year to 31 October 2015.
3. To declare a final dividend of 7.50p per share.
4. To declare a special dividend of 3.50p per share.
5. To re-elect Hamish Buchan as a director.
6. To re-elect Russell Napier as a director.
7. To re-elect James Will as a director.
8. To re-elect Ian Hunter as a director.
9. To elect Jane Lewis as a director.
10. To elect Mick Brewis as a director.
11. To re-appoint Deloitte LLP as auditor and to authorise the directors to fix their remuneration.
12. To authorise the company, in accordance with section 701 of the Companies Act 2006 (the 'Act') and in substitution for any pre-existing such authority, to make market purchases (within the meaning of section 693 of the Act) of shares of 25p each for cancellation, provided that:
    a) the maximum number of shares hereby authorised to be purchased shall be 15,745,859 or, if less, 14.99% of the aggregate issued shares on the date this resolution is passed;
    b) the minimum price which may be paid for a share shall be 25p;
    c) the maximum price (exclusive of expenses) which may be paid for a share shall be the higher of:
        (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date of purchase; and
        (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out;
    d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 29 April 2017, save that the company may, prior to such expiry, enter into a contract to purchase shares under such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract.

All resolutions are ordinary resolutions except number 12 which is a special resolution.

Steven Hay

Steven Hay
Company Secretary
14 December 2015

Map showing location of AGM venue

Notes

Arrangements have been made to enable all investors to attend, speak and vote at the annual general meeting.

Registered shareholders whose names appear on the company's register of members no later than 48 hours (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting shall be entitled to attend, speak and vote or be represented at the meeting in respect of the shares registered in their name at that time. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

A member entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote on his or her behalf. If a shareholder wishes to appoint more than one proxy, each proxy must be appointed to exercise rights attaching to a different share (or shares) held by the shareholder. A proxy need not be a member of the company but must attend the AGM to represent the relevant shareholder. Shareholders may not use any electronic address provided either in this notice or any related documents, including the proxy form, to communicate with the company for any purpose other than those expressly stated.

A proxy may only be appointed using the procedure set out in these notes and the notes to the proxy form. Proxy forms and the original or duly certified copy of the power of attorney or other authority, if any, under which it is signed or authenticated, must be lodged with the company's registrar not less than 48 hours (excluding non-working days) before the meeting or, in the case of a poll taken more than 48 hours after it was demanded, not less than 24 hours, excluding non-working days, before the time appointed for the taking of the poll. Completion of the proxy form will not prevent a member from attending the meeting and voting in person.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the website **www.euroclear.com/CREST**. CREST personal members or other CREST-sponsored members and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf.

For a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the company's registrar (Computershare Investor Services PLC) (CREST ID number 3RA50) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee by other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Any person holding 3% or more of the total voting rights in the company who appoints a person other than the chairman as his proxy will need to ensure that both he and such third party comply with their respective disclosure obligations under the Disclosure and Transparency Rules. On 9 December 2015, the company's issued share capital comprised 105,042,426 shares (none of which is held in treasury). Each share carries the right to one vote at a general meeting of the company. Accordingly, as at 9 December 2015, the total number of voting rights exercisable at the AGM was 105,042,426.

Shareholders may require the company to publish, on its website, without payment, a statement, which is also passed to the auditor, setting out any matter relating to the audit of the company's accounts, including the auditor's report and the conduct of the audit, which they intend to raise at the meeting. The company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the company or (ii) at least 100 members who have rights to vote and hold shares in the company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state the member's full name and address and be sent to the company's registered office at 6 Albyn Place, Edinburgh, EH2 4NL. The company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006.

Further information regarding the AGM, including the information required by section 311A of the Companies Act 2006 is available from **www.sit.co.uk**

Under section 319A of the Companies Act 2006, the company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:

a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
b) the answer has already been given on a website in the form of an answer to a question; or
c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.

The directors' letters of appointment are available for inspection at the registered office of the company during normal business hours on any weekday. The register of directors' interests maintained by the company together with copies of directors' appointment letters will be available at the place of the annual general meeting from 15 minutes prior to the commencement of the annual general meeting until the conclusion thereof. No director has any service contract with the company.

STOCKPLAN, STOCKPLAN: A Flying Start, ISA and SIPP investors who invest in SIT are welcome to attend and may vote by completing the Form of Direction enclosed with this report. This must be returned to the company's registrar no later than 10.30am on 22 January 2016. Other investors whose holdings are in nominee names and who wish to attend and vote are advised to contact their nominee before 22 January 2016.

The final and special dividends, if approved, will be paid on 4 February 2016 to shareholders registered at the close of business on 4 January 2016.

This report was sent to the address at present registered for communications. Any change of address should be notified to the company's registrar or the savings scheme administrator as appropriate.

Financial Calendar 2016

Dividend and Interest Payments

Final and special for the financial year to 31 October 2015	4 February 2016
Interim	July
Secured bonds	17 April, 17 October
Perpetual debenture stock	30 April, 31 October

Announcement of Results

NAV	Daily
Interim figures	May
Preliminary final figures	December
Annual Report & Accounts	December
Annual General Meeting (AGM)	29 January 2016

Useful Addresses

Registered Office
6 Albyn Place
Edinburgh EH2 4NL
Registered no. SC001651

Telephone: **0131 225 7781**
Website: **www.sit.co.uk**
Email: info@sit.co.uk

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Northern Trust Global Services Limited
50 Bank Street
Canary Wharf
London E14 5NT

Custodian
The Northern Trust Company
50 Bank Street
Canary Wharf
London E14 5NT

Auditor
Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2DB

Actuaries
Punter Southall & Co
7 Castle Street
Edinburgh EH2 3AH

The Association of Investment Companies
SIT is a member of The Association of Investment Companies (AIC) which publishes a number of useful fact sheets and email updates for investors interested in investment trust companies.

The AIC
9th Floor
24 Chiswell Street
London EC1Y 4YY

Telephone: **0207 282 5555**
Website: **www.theaic.co.uk**

For valuations and other details of your investment or to notify a change of address please contact the following:

Shareholders who hold share certificates:
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Helpline: **0370 703 0195**
Website: **www.investorcentre.co.uk**

STOCKPLAN, STOCKPLAN: A Flying Start and The SIT ISA investors:
SIT Schemes
Halifax Share Dealing Limited
Lovell Park Road
Leeds LS1 1NS

Helpline: **0345 850 0181** or **0113 267 1063**
Website: **www.halifaxsharedealing.co.uk/online**

The SIT SIPP investors:
If you have any specific questions about the administration of your SIT SIPP, or any other pension-related enquiries, please contact the SIPP Administrator, AJ Bell Management Limited:

The SIT SIPP
Halifax Share Dealing SIPP Administration Team
AJ Bell Management Limited
Trafford House
Chester Road
Manchester M32 0RS

Helpline: **0345 722 5525** or **0113 270 1154**

Notes

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