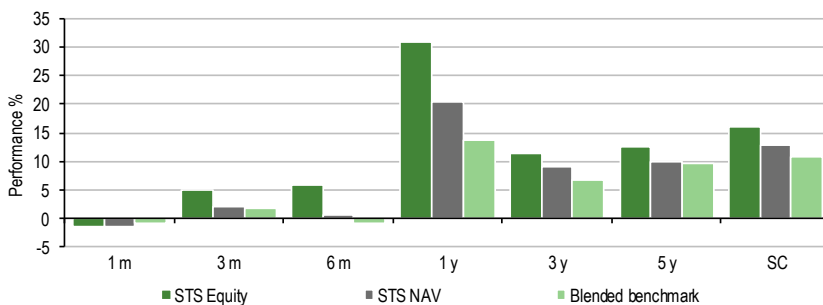


# Securities Trust of Scotland

High-conviction portfolio of quality companies

Securities Trust of Scotland (STS) aims to generate income and long-term capital growth through a bottom-up approach to investing in global equities. The manager, Mark Whitehead, focuses on quality companies with an ability to sustain dividend growth, to build a relatively concentrated portfolio of 35–55 high-conviction stocks. In his view, this approach is naturally aligned with selecting companies that score highly on ESG issues. Since Whitehead's appointment, and the adoption of the mandate, STS has delivered an annualised NAV total return of 12.9% and increased demand for its shares the valuation from trading at a persistent discount to trading at a premium to NAV.

## Strong relative annualised performance since change (SC) of manager



Source: STS, Refinitiv, Edison Investment Research

## The market opportunity

Global equity markets performed strongly in 2019, as geopolitical and recession risks receded. However, valuations for global equities have started 2020 at elevated levels, and the outbreak of the coronavirus challenges prospects for earnings growth to support re-rated markets. This environment may favour a fundamental and longer-term approach to investing in equity markets.

## Why consider investing in STS

- Rigorous bottom-up approach to identify quality companies that are able to sustain dividend growth through economic cycles.
- Managed by a highly experienced group of global equity income specialists, supported by the resources of the wider Martin Currie analyst team.
- Utilisation of gearing and derivatives to potentially enhance returns.
- A proactive board that is committed to promoting the trust and serving shareholders' interests.

## Discount has closed, trades at modest premium

STS is currently trading at a 2.3% premium to cum-income NAV, which is a significantly improved valuation from the three-year average discount of 4.1%. This partly reflects the trust's successful track record since the change of manager and mandate in June 2016, and the board's proactive approach to significantly increasing the promotion of the fund over the past 18 months. The board and the investment manager remain committed to these initiatives.

Investment trusts  
Global equity income

18 February 2020

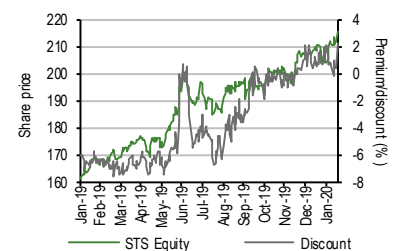
**Price** 216.0p  
**Market cap** £226.1m  
**AUM** £242.2m

NAV\* 208.3p  
Premium to NAV 3.7%  
NAV\*\* 211.1p  
Premium to NAV 2.3%

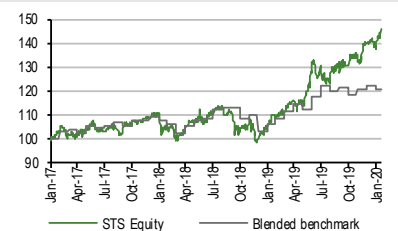
\*Excluding income. \*\*Including income. As at 14 February 2020.

Yield 2.9%  
Ordinary shares in issue 104.7m  
Code STS  
Primary exchange LSE  
AIC sector Global Equity Income

## Share price/discount performance



## Three-year performance vs index



52-week high/low 216.0p 166.3p  
NAV\*\* high/low 211.7p 177.7p

\*\*Including income.

## Gearing

Gross\* 11.8%  
Net\* 7.9%

\*As at 31 December 2019.

## Analysts

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[Edison profile page](#)

**Securities Trust of Scotland is a research client of Edison Investment Research Limited**

### Exhibit 1: Trust at a glance

#### Investment objective and fund background

Securities Trust of Scotland's investment objective is to provide rising income and long-term capital growth from a portfolio of global equities. Following the adoption of an unconstrained mandate from 1 June 2016, the trust measures its performance versus the rolling three-year median return of open- and closed-ended peers, as well as an absolute target to produce real growth in revenue and cum-income NAV on a rolling five-year basis.

#### Recent developments

- 29 January 2020: Announcement of third interim dividend of 1.45p per share.
- 5 December 2019: Interim results for six months ending 30 September 2019. NAV TR +12.3% versus peer group +8.7%. Share price TR +17.0%. Declared second interim dividend of 1.45p per share.
- 17 September 2019: Rachel Beagles retired as chairman and director, succeeded with immediate effect by John Evans.

#### Forthcoming

|                   |                |
|-------------------|----------------|
| AGM               | September 2020 |
| Annual results    | June 2020      |
| Year end          | 31 March       |
| Dividend paid     | Quarterly      |
| Launch date       | 28 June 2005   |
| Continuation vote | None           |

#### Capital structure

|                 |                   |
|-----------------|-------------------|
| Ongoing charges | 0.9%              |
| Net gearing     | 7.9%              |
| Annual mgmt fee | (see page 8)      |
| Performance fee | None              |
| Trust life      | Indefinite        |
| Loan facilities | £25m (see page 8) |

#### Fund details

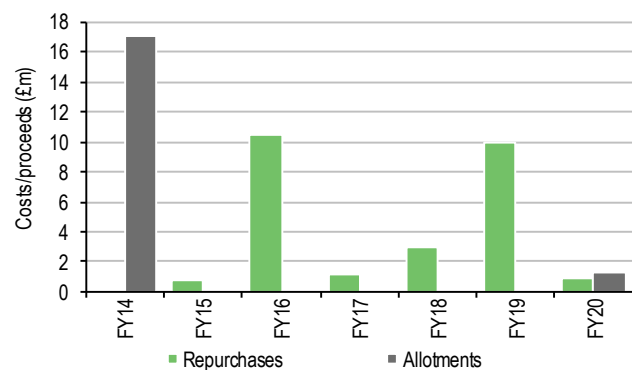
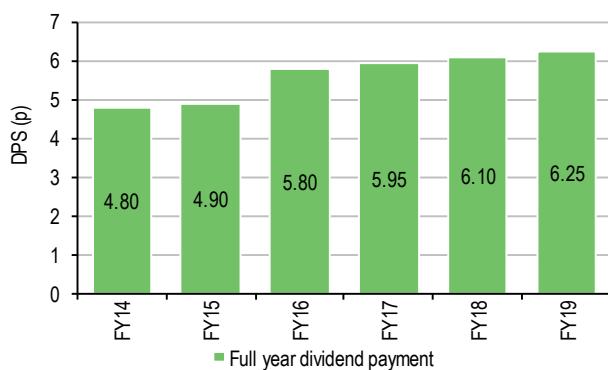
|         |  |
|---------|--|
| Group   | Martin Currie Investment Mgmt (UK)                                   |
| Manager | Mark Whitehead   |
| Address | Saltire Court, 20 Castle Terrace, Edinburgh EH1 2ES                  |
| Phone   | +44 (0) 131 229 5252   |
| Website | <a href="http://www.securitiestrust.com">www.securitiestrust.com</a> |

#### Dividend policy and history (financial years)

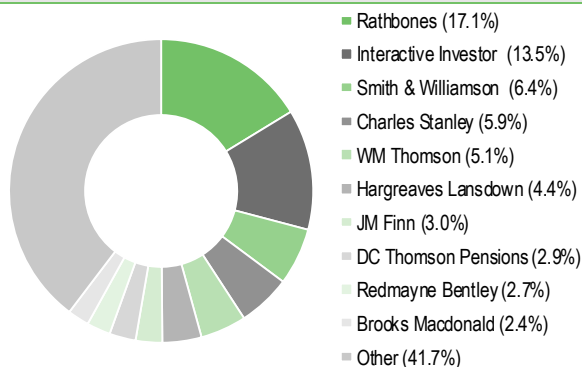
Dividends are paid quarterly in October, January, April and July. Dividends were increased in FY16 after the announcement of a new progressive dividend policy.

#### Share buyback policy and history (financial years)

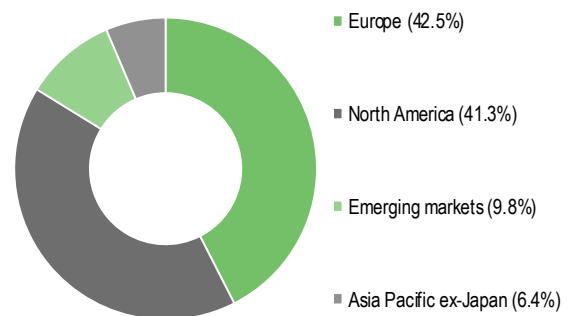
Renewed annually, the trust has authority to purchase up to 14.99% and allot up to 5% of issued share capital.



#### Shareholder base (as at 31 December 2019)



#### Portfolio exposure by geography (as at 31 December 2019, net of cash, gearing and option exposure)



#### Top 10 holdings (as at 31 December 2019)

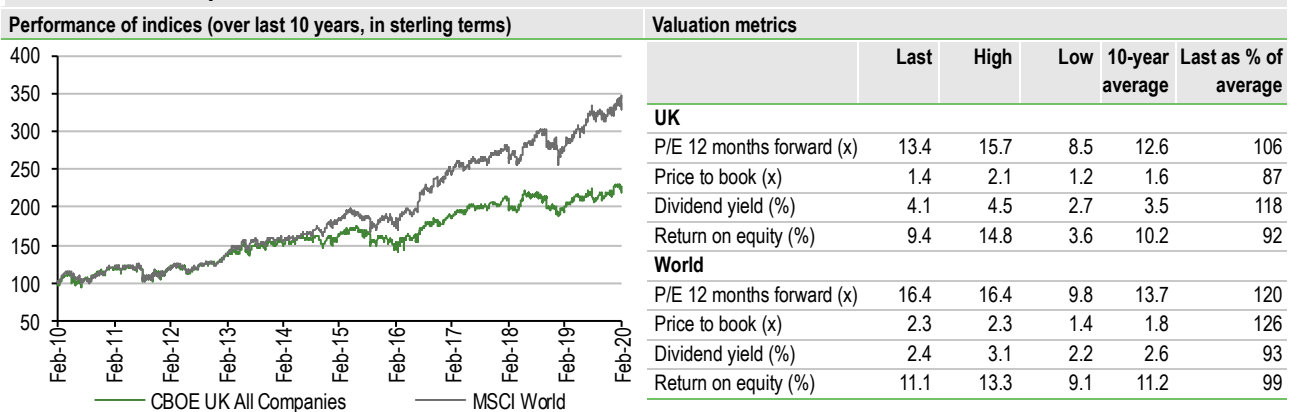
| Company                    | Country     | Sector                 | Portfolio weight % |                   |
|----------------------------|-------------|------------------------|--------------------|-------------------|
|                            |             |                        | 31 December 2019   | 31 December 2018* |
| Microsoft                  | US          | Information technology | 6.6                | 5.4               |
| Taiwan Semiconductor       | Taiwan      | Information technology | 3.9                | N/A               |
| Verizon Communications     | US          | Communication services | 3.7                | N/A               |
| Airbus                     | France      | Industrials            | 3.6                | N/A               |
| Koninklijke DSM            | Netherlands | Materials              | 3.6                | N/A               |
| Lockheed Martin            | US          | Industrials            | 3.5                | N/A               |
| Transurban                 | Australia   | Industrials            | 3.4                | N/A               |
| Crown Castle               | US          | Real estate            | 3.4                | 3.3               |
| Samsung Electronics        | South Korea | Information technology | 3.3                | N/A               |
| Scottish & Southern Energy | UK          | Utilities              | 3.3                | 3.0               |
| <b>Top 10</b>              |             |                        | <b>38.3</b>        | <b>40.7</b>       |

Source: Securities Trust of Scotland, Edison Investment Research, Bloomberg, Morningstar. Note: \*N/A where not in December 2018 top 10.

## Market outlook: Cautious on valuation and uncertainty

Global equity markets had a strong year in 2019, boosted by an about-turn in the US Federal Reserve's stance to normalising interest rates and withdrawing liquidity. In response to a threat of recession posed by factors including the US-China trade dispute, the Fed cut interest rates three times, while central banks in Europe and China also undertook monetary stimulus. Recession risks receded towards the end of the year as some of the major geopolitical risks that had weighed on equity market sentiment appeared to have de-escalated, including steps towards the resolution of US-China trade tensions, and a Conservative party win in the general election substantially reducing the risk of a further delay to the UK leaving the EU. The MSCI World Index gained 28% in 2019, while the MSCI US, Europe and Emerging Markets indices rose by 32%, 25% and 18% respectively. Global equity markets therefore started 2020 on relatively stretched valuations (as shown in Exhibit 2, RHS), which would normally require strong earnings growth to provide continued support. The recent outbreak of the coronavirus, however, makes this challenging. The duration and impact of the virus is difficult to forecast; however, as we write, it is likely that the IMF's current forecast for China's GDP growth of 6% this year looks ambitious, and consensus expectations have already been revised down, putting pressure on the outlook for global GDP growth. Central banks may intervene, as they have done so before; however, the efficacy of further interventions may be limited given their stretched balance sheets and already low levels of interest rates. This environment may favour a selective and long-term approach to equity investing.

**Exhibit 2: Market performance and valuation**



Source: Refinitiv, Edison Investment Research. Note: Valuation metrics at 17 February 2020.

## Fund profile: High-conviction global equities

STS aims to generate rising income and long-term capital growth for shareholders through investing in a diversified portfolio of predominantly larger companies (with market capitalisations over £1bn and high trading liquidity). The trust has been managed by Mark Whitehead since June 2016, who follows a disciplined bottom-up approach, unconstrained by benchmark considerations, to build a relatively concentrated portfolio of 35–55 high-conviction stocks. The manager utilises the investment trust structure's ability to gear to help enhance returns, and uses options strategies to generate additional income for the fund, primarily through selling company puts. This approach is careful and controlled, and puts are only sold on companies that are on the manager's approved stock list. Options income can account for c 10% of total portfolio income each year; as at end-December 2019, STS had active options exposure of 1.1%. Gearing is permitted up to 20% of net assets, and at end-December 2019, the trust had net gearing of 7.9%.

## The fund manager: Mark Whitehead

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### The manager's view: Focus on growing dividends

Whitehead says that global equity markets re-rated considerably in 2019, responding positively to monetary stimulus, led by the US Federal Reserve, and the removal of several 'roadblocks' to economic growth, such as de-escalating trade tensions and a clear UK general election outcome. Earnings growth has not kept pace with equity market gains, and the manager suggests that consensus expectations for 12% global EPS growth in 2020 may be hard to meet, particularly given the added economic uncertainty posed by the coronavirus. Whitehead thinks the US and Europe are most vulnerable to disappointment on valuations and earnings grounds, absent further central bank interventions. He notes that Asia and emerging markets are less stretched in valuation terms, and he is also relatively positive on the outlook for the UK domestic economy. Whitehead expects the UK government to increase fiscal spending significantly over the next two years, particularly on infrastructure, which he believes has a high multiplier effect. However, he cautions that there is little room for further P/E multiple expansion but believes that companies with sustainable dividend growth should be able to outperform. Whitehead continues to focus on finding companies with secular, not cyclical growth, that can do well throughout an economic cycle.

## Asset allocation

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### Investment process: Rigorous search for quality and resilience

Whitehead believes that the short-term nature of markets means investors can undervalue the compounding characteristics of companies with growing, sustainable dividends. He believes these companies can outperform over the long term and follows a well-established investment process to identify these stocks. Proprietary screens are deployed to filter the c 3,000 global large-cap stocks to an investible universe of around 500 names. These companies are analysed against a sustainability checklist consisting of nine key criteria, including environmental, social and governance (ESG) credentials as well as financial strength. This generates around 60 stocks eligible for in-depth research, involving detailed accounting diagnostics, and credit and industry analysis. Companies are stress-tested to assess liquidity and financial resilience under multiple adverse scenarios to help identify what circumstances might put their dividends at risk. ESG analysis is very important, and the team considers c 50 metrics to arrive at a score for each company. Whitehead believes companies that score highly on ESG issues are more likely to deliver sustainable dividend growth over time, and this is reflected in the portfolio's high ESG quality score (as measured by MSCI), which is meaningfully above that of the MSCI All Country World index. This labour-intensive process is supported by Whitehead's team of four global equity income specialists, as well as access to the wider Martin Currie investment team of more than 40 investment professionals.

### Current portfolio positioning

Exhibit 3 shows STS's portfolio by sector exposure as at end-December 2019. The most notable sector weight increase over the past year has been to industrials (+4.5pp), partly reflecting the purchase of UK-listed Victrex. The company is the world leader in PEEK, polymer solutions which have wide usage across products and applications, including mobile phones, aeroplanes and cars, to medical devices. Being significantly lighter, PEEK is typically used to replace metal, which helps generate cost savings and energy efficiencies. The manager believes that the company's product innovation and market leadership is hard to replicate, and that it has promising potential for sustainable growth, driven by strong secular demand for many of its product end-uses, including lighter aircraft and electric vehicles.

Exposure to the communications services sector during the year increased by 4.2pp. The manager purchased a position in US telecoms company Verizon, which he believes is well-placed to benefit from the roll-out of 5G technology. While globally, there are many plays on 5G, Whitehead considers the US regulator to be relatively benign, and that on a risk-adjusted basis, Verizon is attractively valued on a c 12x forward P/E multiple, with a dividend yield in excess of 4%.

The purchase of US-listed International Flavors & Fragrances (IFF), a global leader in taste and scent manufacturing, helped raise the portfolio's exposure to materials (+3.5pp). The company's products serve a wide range of end-markets, including food and beverage, home and personal care, and nutrition. IFF has made two acquisitions recently: Israeli rival Frutarom Industries in May 2018, and DuPont's nutrition and biosciences business in December 2019. Although in the short term, these transactions have increased IFF's level of debt, Whitehead believes they help improve the company's competitive position. He observes that the industry is well-consolidated with four major companies, including IFF, which presents a barrier to entry for newcomers. Whitehead expects the company to benefit from high profitability, low cyclicality and structural growth for its products. He has also sold puts on IFF, generating premium income for the portfolio.

Over the past 12 months, STS's weight in the information technology sector increased by 3.1pp. Much of this is attributable to the strong outperformance of stocks, including Microsoft (US) and Taiwan Semiconductor (Taiwan), which were among the top stock contributors to performance in 2019. Tencent (Hong Kong) and Samsung Electronics (South Korea) also performed well, and Whitehead had added to these positions during the year.

| <b>Exhibit 3: Portfolio sector exposure* (% unless stated)</b> |                                    |                                    |                    |
|--|------------------------------------|------------------------------------|--------------------|
|  | <b>Portfolio end-December 2019</b> | <b>Portfolio end-December 2018</b> | <b>Change (pp)</b> |
| Industrials  | 17.1                               | 12.6                               | 4.5                |
| Information technology   | 15.8                               | 12.7                               | 3.1                |
| Consumer staples   | 12.6                               | 13.9                               | (1.3)              |
| Financials   | 12.3                               | 18.7                               | (6.4)              |
| Materials  | 11.1                               | 7.6                                | 3.5                |
| Communication services   | 10.5                               | 6.3                                | 4.2                |
| Healthcare   | 8.5                                | 11.9                               | (3.4)              |
| Consumer discretionary   | 7.2                                | 7.1                                | 0.1                |
| Real estate  | 5.2                                | 5.5                                | (0.3)              |
| Utilities  | 5.1                                | 8.3                                | (3.2)              |
| Energy   | 2.5                                | 7.4                                | (4.9)              |
| Cash   | 3.9                                | 2.8                                | 1.1                |
| Active options exposure  | 1.1                                | 1.2                                | (0.1)              |
| Gearing  | (11.8)                             | (14.8)                             | 3.0                |

Source: Securities Trust of Scotland, Edison Investment Research. Note: \*Active options exposure means allocations may not total 100%.

The most significant reduction in exposure is to financials (-6.4pp), much of which was executed during H119 and discussed in our [report](#) published in September 2019. Sales included HSBC (UK), Credicorp (Peru) and CaixaBank (Spain). The energy weight in the portfolio has also fallen significantly (-4.9pp) and includes the sale of US energy company Occidental Petroleum following its bid for rival Anadarko Petroleum. In the manager's view, Occidental has overpaid for Anadarko, and the acquisition could significantly raise its risk profile with high debt, pressure on free cash flow, and an increased sensitivity to the oil price. The manager also sold long-held, US-listed WEC Energy Group, a utility servicing the Midwestern states. The stock has been a strong performer for STS for many years, and Whitehead deemed its valuation to be stretched.

By geography, STS has significantly reduced its exposure to the US over the past year, in favour of Asia and emerging markets. This largely reflects demanding valuations in the US, and the manager identifying more attractive opportunities, often offering similar multinational exposures, that are listed elsewhere. Sales also included US tobacco multinational, Philip Morris, which Whitehead believes faces increasing regulatory and product risk, particularly in relation to next-generation products (NGPs).

## Performance: Strong performance under new manager

STS's current manager, Mark Whitehead, was appointed in May 2016 and adopted its current mandate on 1 June 2016. Performance is measured against the median of all relevant open- and closed-ended peers (sourced from the Lipper Global – Global Equity Income and AIC Global Equity Income sectors respectively) on a rolling three-year basis. Therefore, the most relevant performance figures to consider are five years and below. The figures since change (SC) are shown in the chart on the front page.

As shown in Exhibits 5 and 6, STS's NAV total return has outperformed its benchmark over one, three and five years, and by a greater margin relative to the CBOE UK All Companies Index. The trust's share price has moved from trading at a discount to a premium to NAV over the past year. This is reflected in the even greater magnitude of outperformance of STS's shares compared to its benchmark and the CBOE UK All Companies indices. On this measure, STS has also outperformed the MSCI World Index over one, three and five years.

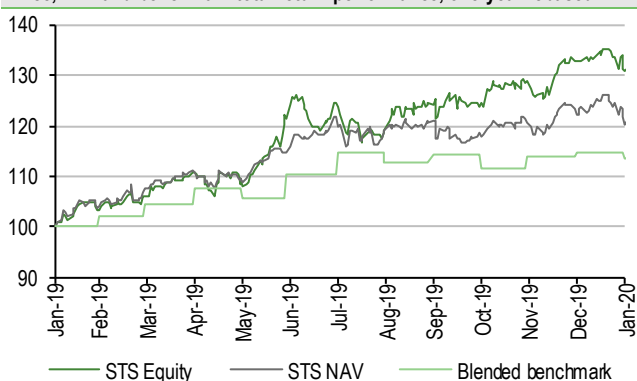
### Exhibit 4: Five-year discrete performance data

| 12 months ending | Total share price return (%) | Total NAV return (%) | Blended benchmark* (%) | CBOE UK All Companies (%) | MSCI World (%) |
|------------------|------------------------------|----------------------|------------------------|---------------------------|----------------|
| 31/01/16         | (2.5)                        | (2.6)                | 1.0                    | (5.3)                     | 1.1            |
| 31/01/17         | 34.4                         | 27.3                 | 29.5                   | 20.9                      | 32.8           |
| 31/01/18         | 9.1                          | 11.8                 | 8.3                    | 11.3                      | 11.9           |
| 31/01/19         | (3.4)                        | (3.4)                | (1.5)                  | (3.9)                     | 1.6            |
| 31/01/20         | 30.9                         | 20.3                 | 14.7                   | 10.5                      | 18.2           |

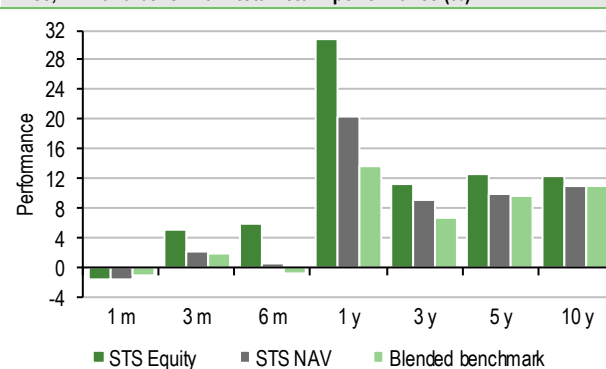
Source: Refinitiv. Note: All % on a total return basis in pounds sterling. \*Blended benchmark is UK All Companies Index until 31 July 2011, MSCI World High Dividend Yield Index until 31 May 2016 and the rolling three-year median return of open- and closed-ended peers thereafter.

### Exhibit 5: Investment trust performance to 31 January 2020

Price, NAV and benchmark total return performance, one-year rebased



Price, NAV and benchmark total return performance (%)



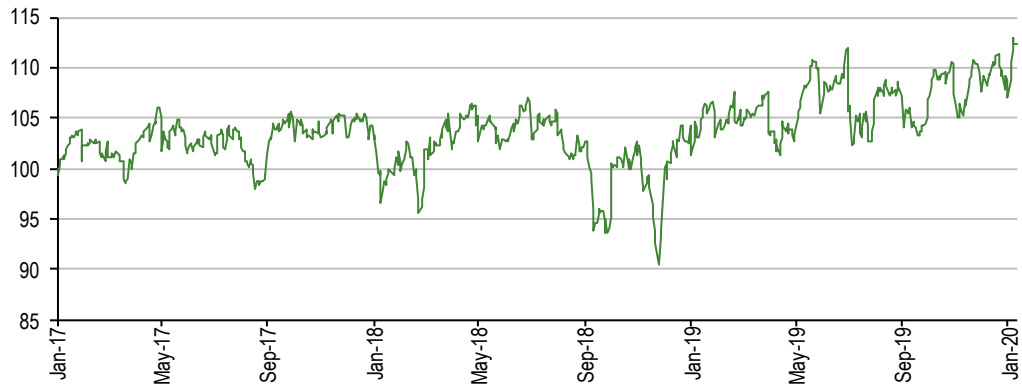
Source: Refinitiv, Edison Investment Research. Note: Three-, five- and 10-year performance figures annualised. Blended benchmark is UK All Companies Index until 31 July 2011, MSCI World High Dividend Yield Index until 31 May 2016 and the rolling three-year median return of open- and closed-ended peers thereafter.

### Exhibit 6: Share price and NAV total return performance, relative to indices (%)

|   | One month | Three months | Six months | One year | Three years | Five years | 10 years |
|---|-----------|--------------|------------|----------|-------------|------------|----------|
| Price relative to blended benchmark     | (0.5)     | 3.1          | 6.8        | 15.1     | 13.7        | 14.0       | 12.9     |
| NAV relative to blended benchmark       | (0.5)     | 0.3          | 1.4        | 5.8      | 7.1         | 1.5        | 0.1      |
| Price relative to CBOE UK All Companies | 2.1       | 3.3          | 6.2        | 18.5     | 16.7        | 33.7       | 47.3     |
| NAV relative to CBOE UK All Companies   | 2.1       | 0.5          | 0.8        | 8.9      | 9.9         | 19.1       | 30.5     |
| Price relative to MSCI World            | (1.4)     | 1.6          | 5.4        | 10.8     | 2.7         | 0.2        | (1.5)    |
| NAV relative to MSCI World              | (1.4)     | (1.2)        | 0.0        | 1.8      | (3.4)       | (10.7)     | (12.7)   |

Source: Refinitiv, Edison Investment Research. Note: Data to 31 January 2020. Geometric calculation.

**Exhibit 7: NAV total return performance relative to benchmark over three years**

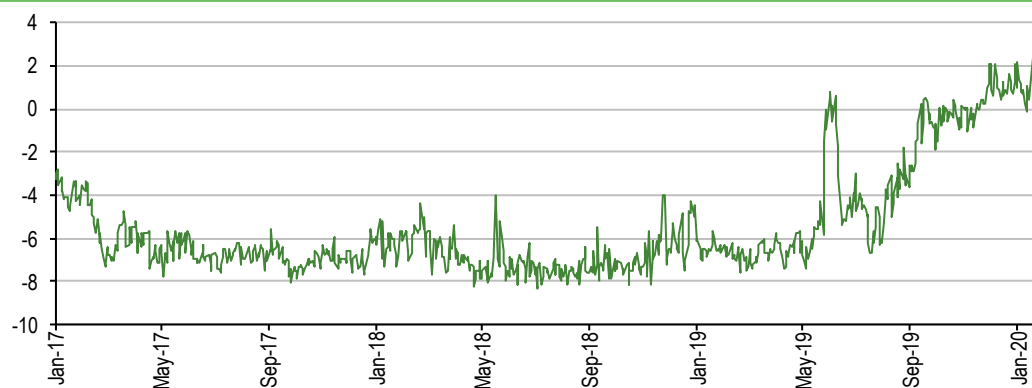


Source: Refinitiv, Edison Investment Research

## Valuation: Discount closed, moved to a premium

STS is currently trading at a 2.3% premium to its cum-income NAV. As shown in Exhibit 8, the previously persistent discount to NAV started to close in H219, and since December 2019, the trust has consistently traded at a premium. The average discount over the past three and five years is 4.1% and 4.6% respectively. The board has been proactive in reducing the discount and the volatility of the share price relative to NAV. Over the past year, in conjunction with Martin Currie, it significantly increased the marketing budget and activity, and in October 2018, appointed Sarah Harvey as a director, who brings considerable marketing expertise to the board. The board intends to sustain the marketing initiatives to promote the trust. It has the authority (renewable annually) to repurchase up to 14.99% of issued capital, and to allot up to 5% to help manage the supply and demand for STS shares.

**Exhibit 8: Share price premium/discount to NAV (including income) over three years (%)**



Source: Refinitiv, Edison Investment Research

## Capital structure and fees

STS is a conventional investment trust with one class of share; there are 104.7m shares in issue and 17.6m shares are held in treasury. Reflecting the narrowing of the share price discount to NAV from H219, repurchase activity has reduced significantly. As shown in Exhibit 1, so far in FY20, the board has repurchased 0.4m shares at a cost of £0.9m. In FY19, 6.0m shares were repurchased, representing 5.3% of share capital. More recently, as shown in Exhibit 8, the STS has traded at a premium to NAV and the board has been issuing shares from treasury.

The trust has a £15m seven-year, multi-currency, fixed-rate facility, alongside a £10m two-year revolving credit facility with the Royal Bank of Scotland. Gearing is permitted up to 20% of net assets, and at end-December 2019, the trust had net gearing of 7.9%. Martin Currie Investment Management is paid an annual management fee of 0.6% of net assets up to £200m, reducing to 0.4% of net assets above £200m. The fee is paid 65:35 between capital and income respectively, reflecting the board's expected long-term split of the fund's capital gains and income. As at end-September 2019, the trust's ongoing charges were 0.9%.

## Dividend policy and record

STS's investment objective is to deliver rising income as well as long-term capital growth. The board employs a progressive policy, aiming to grow the dividend at least in line with developed market inflation over a five-year rolling period. Over the past five financial years to FY19, the trust has increased dividends by 30%, reflecting good growth in the dividends received from investee companies. The board also has the flexibility to pay dividends out of retained capital reserves, if necessary, thereby providing a rising and reliable income to shareholders. The manager estimates that STS's underlying dividend growth will be between 5–10% in the current calendar year, which should underpin continued dividend growth for shareholders.

## Peer group comparison

Exhibit 9 shows the AIC Global Equity Income sector, which consists of six funds. The open-ended peer group comprises 57 funds, and we show their averages for comparative purposes. STS is one of the smallest funds among its peers, ranking fifth. The trust's current mandate and manager started in June 2016, therefore the most relevant NAV total return performance periods to consider are one and three years, where it ranks second over both periods. STS's ongoing charge is the highest in the group; however, there is no performance fee. The trust is currently trading at a premium to cum-fair NAV, ranking fifth. STS traditionally traded at a discount to NAV, and this shift may reflect the improved track record since the new mandate and manager.

| Exhibit 9: AIC Global Equity Income peer group as at 17 February 2020* |                             |                  |                  |                  |                   |                        |                   |              |                |                       |
|--|-----------------------------|------------------|------------------|------------------|-------------------|------------------------|-------------------|--------------|----------------|-----------------------|
| % unless stated  | Market cap/<br>fund size £m | NAV TR<br>1 year | NAV TR<br>3 year | NAV TR<br>5 year | NAV TR<br>10 year | Discount<br>(cum-fair) | Ongoing<br>charge | Perf.<br>fee | Net<br>gearing | Dividend<br>yield (%) |
| Securities Trust of Scotland   | 226.1                       | 22.0             | 33.6             | 69.1             | 209.8             | 2.4                    | 0.9               | No           | 108            | 2.9                   |
| Henderson International Income   | 329.5                       | 13.9             | 26.3             | 61.9             |                   | 0.9                    | 0.8               | No           | 107            | 3.5                   |
| Invesco Perp Select Global Eq Inc                                      | 63.8                        | 14.2             | 24.0             | 60.1             | 169.8             | (1.5)                  | 0.9               | Yes          | 105            | 3.3                   |
| JPMorgan Global Growth & Income  | 501.1                       | 22.0             | 29.1             | 80.1             | 211.2             | 2.5                    | 0.6               | Yes          | 100            | 3.6                   |
| Murray International   | 1,581.4                     | 7.8              | 15.1             | 50.3             | 146.6             | 2.4                    | 0.7               | No           | 112            | 4.3                   |
| Scottish American  | 630.0                       | 17.3             | 37.2             | 84.6             | 196.7             | 2.7                    | 0.8               | No           | 112            | 2.8                   |
| <b>Simple average</b>  | <b>555.3</b>                | <b>16.2</b>      | <b>27.5</b>      | <b>67.7</b>      | <b>186.8</b>      | <b>1.6</b>             | <b>0.8</b>        |              | <b>107</b>     | <b>3.4</b>            |
| <b>STS rank in sector (six funds)</b>                                  | <b>5</b>                    | <b>2</b>         | <b>2</b>         | <b>3</b>         | <b>2</b>          | <b>3</b>               | <b>1</b>          |              | <b>3</b>       | <b>5</b>              |
| <b>Open-ended peers simple average</b>                                 | <b>349.7</b>                | <b>13.4</b>      | <b>22.4</b>      | <b>52.1</b>      | <b>140.5</b>      | <b>N/A</b>             | <b>1.4</b>        |              | <b>N/A</b>     | <b>3.6</b>            |

Source: Morningstar, Edison Investment Research. Note: \*Performance to 14 February 2020 based on ex-par NAV. TR = total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

## The board

Following Rachel Beagles' retirement as chairman of STS at the AGM on 17 September 2019 after nine years as a director, she was immediately succeeded by John Evans (appointed February 2016). Angus Gordon Lennox is the senior independent director (appointed in November 2013, assuming his current role in July 2017). The other directors and their dates of appointment are Mark Little (October 2014) and Sarah Harvey (October 2018).



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