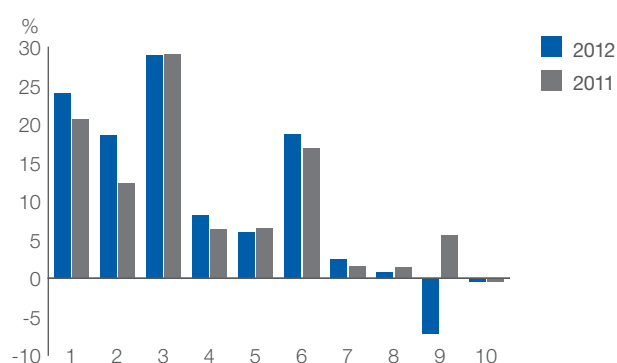


Management Review

Distribution of Shareholders' Funds by Region

At 31 October



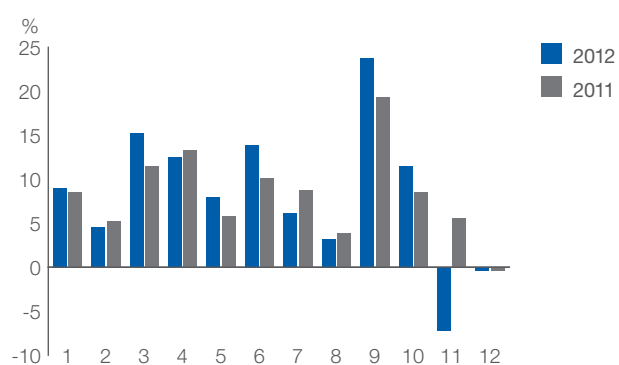
	2012 %	2011 %
1 UK	24.0	20.6
2 Europe (ex UK)	18.5	12.3
3 North America	29.0	29.1
4 Latin America	8.2	6.4
5 Japan	5.9	6.5
6 Asia Pacific (ex Japan)	18.7	16.9
7 Middle East & Africa	2.5	1.6
8 Unlisted	0.8	1.4
Total equities	107.6	94.8
Fixed interest	–	0.5
Net current assets	16.0	28.8
Borrowings at market value	(23.2)	(23.7)
9 (Gearing)/net cash	(7.2)	5.6
10 Pension liability	(0.4)	(0.4)
Shareholders' funds	100.0	100.0

Changes in Asset Distribution by Region

	31 October 2011 £m	Net purchases/ (sales) £m	Appreciation/ (depreciation) £m	31 October 2012 £m
UK	117.7	14.7	10.0	142.4
Europe (ex UK)	70.3	43.5	(3.8)	110.0
North America	166.1	(23.8)	30.1	172.4
Latin America	36.5	12.1	0.1	48.7
Japan	37.4	2.7	(4.9)	35.2
Asia Pacific (ex Japan)	96.5	2.3	12.0	110.8
Middle East & Africa	9.0	2.6	3.5	15.1
Unlisted	8.1	(2.8)	(0.5)	4.8
Total equities	541.6	51.3	46.5	639.4
Fixed interest	3.0	(3.0)	0.0	–
Net current assets	164.4	(68.2)	(0.8)	95.4
Total assets	709.0	(19.9)	45.7	734.8
Long-term borrowings at par	(107.9)	3.9	(0.1)	(104.1)
Pension liability	(2.2)	–	(0.3)	(2.5)
Shareholders' funds	598.9	(16.0)	45.3	628.2

Distribution of Shareholders' Funds by Industry

At 31 October



	2012 %	2011 %
1 Oil & Gas	9.0	8.5
2 Basic Materials	4.5	5.2
3 Industrials	15.2	11.5
4 Consumer Goods	12.5	13.3
5 Health Care	7.9	5.8
6 Consumer Services	13.9	10.1
7 Telecommunications	6.1	8.7
8 Utilities	3.2	3.9
9 Financials ⁽¹⁾	23.8	19.3
10 Technology	11.5	8.5
Total equities	107.6	94.8
Fixed interest	–	0.5
Net current assets	16.0	28.8
Borrowings at market value	(23.2)	(23.7)
11 (Gearing)/net cash	(7.2)	5.6
12 Pension liability	(0.4)	(0.4)
Shareholders' funds	100.0	100.0

Changes in Asset Distribution by Industry

	31 October 2011 £m	Net purchases/ (sales) £m	Appreciation/ (depreciation) £m	31 October 2012 £m
Oil & Gas	48.7	7.9	(3.1)	53.5
Basic Materials	29.9	(0.2)	(3.0)	26.7
Industrials	66.0	15.9	8.6	90.5
Consumer Goods	75.8	(6.9)	5.7	74.6
Health Care	33.0	7.6	6.2	46.8
Consumer Services	57.5	14.4	10.4	82.3
Telecommunications	49.7	(13.4)	0.1	36.4
Utilities	22.1	(3.0)	(0.4)	18.7
Financials ⁽¹⁾	110.5	21.9	9.0	141.4
Technology	48.4	7.1	13.0	68.5
Total equities	541.6	51.3	46.5	639.4
Fixed interest	3.0	(3.0)	0.0	–
Net current assets	164.4	(68.2)	(0.8)	95.4
Total assets	709.0	(19.9)	45.7	734.8
Long-term borrowings at par	(107.9)	3.9	(0.1)	(104.1)
Pension liability	(2.2)	–	(0.3)	(2.5)
Shareholders' funds	598.9	(16.0)	45.3	628.2

1. Includes unlisted.

Summary

- Global equity portfolio performance ahead of both comparator indices
- Good dividend growth from holdings
- Global equity portfolio appreciates by £46.5m
- NAV return subdued by increased market value of borrowings

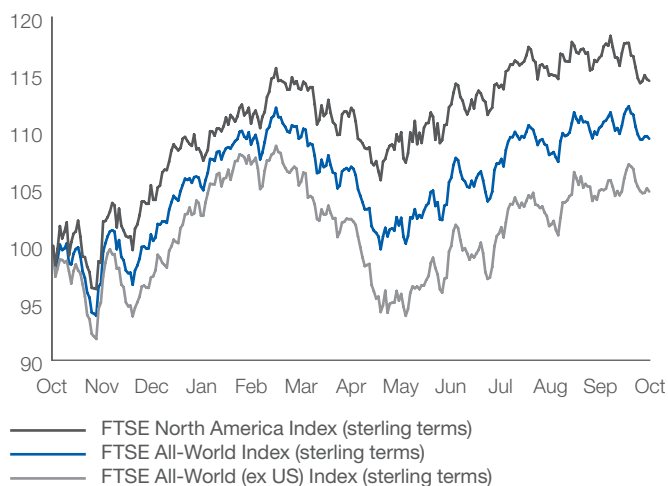
After flat markets in the previous period, the financial year to 31 October 2012 was a positive one for global equity markets. Despite a weak start to the year as worries over the eurozone sovereign debt crisis weighed, markets rallied from mid-November as investors welcomed central bank liquidity measures to support financial markets and the appointment of Mario Draghi as President of the ECB. The FTSE All-World Index reached what proved to be its peak for the year in mid-March, supported by encouraging US economic data and signs of a recovery in the US housing sector. The rally ended abruptly as eurozone sovereign debt concerns resurfaced, centred on political instability in Greece and civil unrest in the southern periphery, accompanied by fresh concerns over slowing Chinese economic growth.

Stockmarket Performance
Total Return 10 years to 31 October 2012



Source: Thomson Reuters

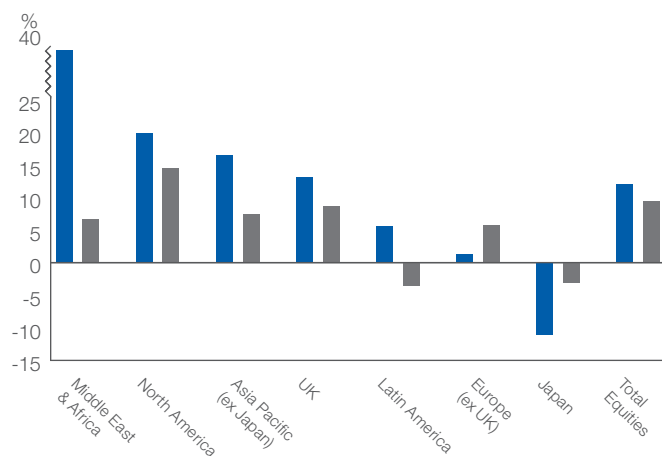
FTSE All-World, North America & All-World (ex US)
Total Return Year to 31 October 2012



Source: Thomson Reuters

Stockmarkets lost ground over the spring, particularly Europe (ex UK), as rating agencies downgraded Spanish government debt and sentiment was undermined by widespread political instability in Greece and changes of leadership in some major European economies. Just as markets threatened to reach fresh lows for the year, supportive political developments in Greece and measures to rescue Spanish banks, together with a rate cut from China, breathed new life into equities. Markets then rallied steadily from May to September to recoup much of the ground ceded in the spring, encouraged latterly by fresh rounds of stimulus measures from central banks in the US, eurozone, UK and Japan.

Total Return by Region
Year to 31 October 2012



■ SIT equity portfolio
■ FTSE All-World Index

Source: Thomson Reuters

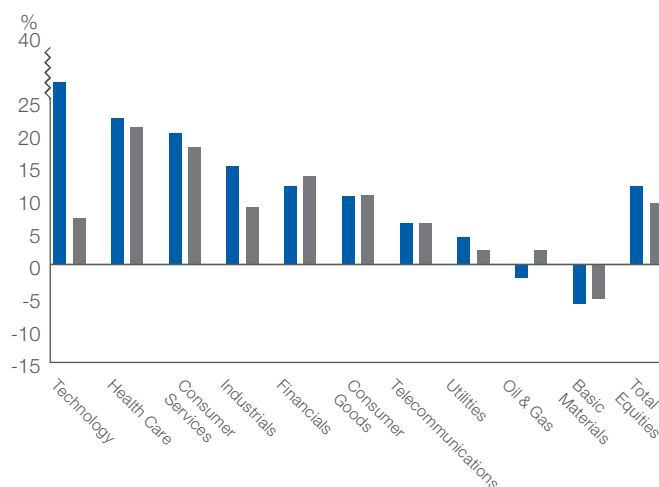
Indices are components of the FTSE All-World Index Series

The FTSE All-World Index was again driven by North America which accounts for almost half of this global index. Owing to broad sterling strength, North America was the only region to post a higher return than the FTSE All-World Index. In local currency terms, all regions other than Japan posted positive returns with North America, Europe (ex UK) and Middle East & Africa all achieving double-digit local currency total returns. The North American sterling total return of 14.4% contrasted with sterling total returns for the rest of the world of around just 5%. Global industry returns broadly reflected corporate earnings growth trends with among the weakest returns coming from Basic Materials and Oil & Gas and the strongest returns coming from Health Care, Consumer Services and Financials industries.

The 12.1% total return for the company's global equity portfolio was ahead of both of its comparator indices, the global FTSE All-World Index which returned 9.4% and the 9.8% of the FTSE All-Share Index.

The equity portfolio outperformance was attributable to stock selection which added 3.6% to relative NAV performance and more than offset the 0.7% impact from relative underexposure to North America. The portfolio was ahead in five of the seven regions of the world with strong relative performances in North America, Asia Pacific (ex Japan), UK and also emerging markets regions.

Total Return by Industry
Year to 31 October 2012



■ SIT equity portfolio
■ FTSE All-World Index

Source: Thomson Reuters

Indices are components of the FTSE All-World Index Series

The largest stock selection contribution came from **North America** where holdings returned 19.9% compared with the index return of 14.4%. Technology and Consumer Services holdings were the main drivers of performance. The largest absolute total returns were generated again by the largest holding, **Apple** (+£10.0m) boosted by strong sales of products such as the iPad™ tablet and iPhone™ smartphone. During 2012, Apple became the world's most valuable company and also paid its first cash dividend since 1995. US media and cable television group **Comcast** was another strong contributor with a total return of £4.2m while two retailers **Ross Stores**, a discount clothing retailer, and online auctioneer **eBay** both benefited from business models well-adapted to the current economic climate. US credit card provider **Capital One Financial** made a strong contribution of £2.8m as it benefited from improving credit trends and recent acquisitions.

Asia Pacific (ex Japan) holdings generated a strong total return of 16.5% compared with 7.4% for the regional index. Chinese internet search and entertainment group **Tencent** generated a £3.1m total return reflecting rapid sales growth to some of the 780m users of its QQ messaging service. Other notable contributions came from Hong Kong and China-based real estate groups **China Overseas Land & Investment** and **Wharf Holdings**. Australian high dividend-yielding investments, telephony group **Telstra** and **ANZ Banking Group**, both performed well as did another high yielder, **Hutchison Ports Holdings Trust**.

Management Review (continued)

UK listed holdings generated a total return of 13.1%, well ahead of the 8.7% of the regional index. This was attributable in part to another good year for international instrumentation and controls manufacturer **Spectris** which generated a total return of £2.8m. **Standard Life** contributed £1.8m as its shares responded well to measures taken to position the company for the shift to fee-based financial advice in the UK.

Latin American holdings returned 5.6%, materially ahead of the -3.6% regional index total return. Two infrastructure holdings, Brazilian urban transport and toll road operator **CCR** and Mexican airport operator **Aeropuerto del Sureste** both generated significant total returns while Brazilian brewer and drinks distributor **Ambev** also continued to perform well.

In Middle East & Africa, South Africa-based generic pharmaceutical group **Aspen Pharmacare** produced a total return in excess of 50% to generate a return of £3.5m as sales growth remained strong thanks to expanded product offerings in its Asia Pacific and Sub-Saharan Africa businesses.

Europe (ex UK) holdings returned just 1.2% in sterling terms, behind the regional 5.8% total return as a result mainly of two disappointing higher dividend-yielding holdings. First, Spanish oil major **Repsol** suffered from measures taken by the Argentinian authorities to expropriate a stake in its Argentinian unit, YPF. Second, a new holding in French television channel operator **TF1** produced a disappointing performance in the period but has recovered much lost ground subsequently.

NAV Relative Performance Attribution Analysis by Region Year to 31 October 2012

	%
NAV with borrowings at market value total return	8.4
FTSE All-World Index total return	9.4
Relative performance	-0.9

	Region Allocation %	Stock Selection %	Contribution %
UK	0.0	0.9	0.9
Europe (ex UK)	0.2	-0.7	-0.5
North America	-0.7	1.5	0.8
Latin America	-0.7	0.8	0.1
Japan	0.2	-0.5	-0.3
Asia Pacific (ex Japan)	-0.1	1.3	1.2
Middle East & Africa	0.0	0.5	0.5
Unlisted	0.0	-0.2	-0.2
Total equities	-1.1	3.6	2.5
Gearing			0.0
Other income, tax & currency			-0.3
Buybacks			0.2
Interest and expenses			-1.9
Change in market value of borrowings			-1.4
Relative performance			-0.9

NAV Relative Performance Attribution Analysis by Industry Year to 31 October 2012

	%
NAV with borrowings at market value total return	8.4
FTSE All-World Index total return	9.4
Relative performance	-0.9

	Industry Allocation %	Stock Selection %	Contribution %
Oil & Gas	0.1	-0.3	-0.2
Basic Materials	0.3	0.0	0.3
Industrials	0.0	0.9	0.9
Consumer Goods	0.0	0.0	0.0
Health Care	-0.2	0.0	-0.2
Consumer Services	0.2	0.1	0.3
Telecommunications	-0.2	0.0	-0.2
Utilities	0.0	0.1	0.1
Financials	0.0	-0.3	-0.3
Technology	-0.1	1.9	1.8
Total equities	0.1	2.4	2.5
Gearing			0.0
Other income, tax & currency			-0.3
Buybacks			0.2
Interest and expenses			-1.9
Change in market value of borrowings			-1.4
Relative performance			-0.9

Contributors to Absolute Performance

	Total Return %	Positive Contribution %		Total Return %	Negative Contribution %
Apple	47.1	1.8	Repsol	-27.0	-0.4
Ross Stores	40.5	0.7	TF1	-29.2	-0.3
eBay	52.0	0.7	SoftBank	-24.9	-0.2
Aspen Pharmacare	52.9	0.6	Konica Minolta	-19.6	-0.2
Spectris	38.8	0.5	Vale	-20.2	-0.2

After a total return of 25.0% last year, **Japan** holdings returned a disappointing -11.1% which was well behind the -3.1% from the regional index. Near year end, a new holding in Japanese internet and telephony group **SoftBank** reacted badly to news that it was to enter the US market through the acquisition of US wireless carrier Sprint. The shares rebounded strongly early in the new financial year. New holding, **Konica Minolta** was a disappointing share price performer despite reasonable trading results.

Analysing the global equity portfolio outperformance on an industry basis, stock selection was again strong adding 2.4% to relative NAV performance with particular strength globally in Industrials and Technology.

There were three broad strands to portfolio activity over the year. First, having been cautiously positioned at the start of the year, gearing was increased steadily from 6% net cash to a geared position of 7% by year end (with borrowings at market value). The global equity portfolio appreciated in value by £46.5m with £51.3m net investment in equities as gearing was increased.

Second, as funds were added to equities, exposure to Europe (ex UK) was increased by £43.5m primarily in Consumer Services. Europe (ex UK) had lagged other regions and appeared to be offering good relative value. Similarly, exposure to North America was reduced by £23.8m after a prolonged period of outperformance, with significant profit-taking in **Apple** (£13.5m) and **McDonalds** (£11.5m).

Third, industry moves were helpful over the year as emphasis was shifted towards two areas which did well – Financials, with additions to a number of holdings including **Standard Life** and **BNP**, and Consumer Services where there were a number of new European holdings including **Casino Guichard-Perrachon**, **Inditex** and **PPR**. Funds were also added to Industrials, an area in which stock selection was strong, with additions and new holdings in Industrial Transportation including **Sydney Airport**, **Airports of Thailand**, **CCR** and **Aeroportuario del Sureste**.

The NAV total return (with borrowings at par) was 9.2%. The NAV total return (with borrowings at market value) was 8.4%. The outperformance by the global equity portfolio added 2.5% to relative performance and the uplift from share buybacks added 0.2%. With average gearing over the year of 0%, gearing had a zero effect on performance which meant that with borrowings largely uninvested in equities, there was no meaningful offset to the interest charges which, along with expenses of 0.8%, deducted a combined 1.9% from NAV performance as shown in the tables on page 10.

As was the case last year, the difference between the return with borrowings at par and at market value was attributable to the further sharp decline in UK gilt yields which increased the market value of the borrowings.

Portfolio turnover was 27%, inflated slightly by changes to gearing levels. Underlying portfolio turnover excluding moves to deploy cash and buy back shares was 24%.

Income generation was good over the year despite the lower level of equity investment with strong dividend growth from holdings.

Holdings in Listed Closed-ended Investment Funds

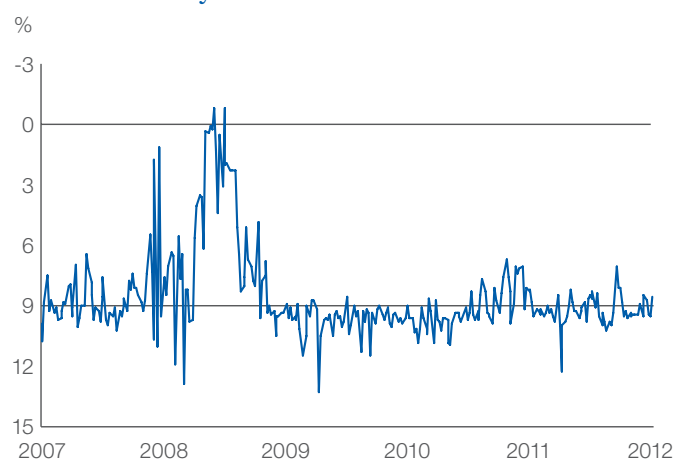
Company holdings include investments in listed closed-ended investment funds of £20.8m: 2.8% of total assets (2011: £24.1m: 3.4%). The company has a policy not to invest more than 15% of total assets in other listed closed-ended investment funds.

Unlisted Portfolio

The company's unlisted holdings depreciated by £0.5m. Net distributions totalled £2.8m (2011: £2.7m). No new partnerships were entered into during the year and outstanding commitments to invest in such partnerships totalled £0.9m (2011: £1.0m).

The unlisted holdings were valued at £4.8m (2011: £8.1m) which is equivalent to 0.8% of shareholders' funds.

Discount to ex-income NAV* 5 years to 31 October 2012



* with borrowings at market value.

The discount to ex-income NAV (with borrowings at market value) was broadly stable moving from 8.2% to 8.6% over the year which was within the targeted level of 9% under the company's buyback policy. Under this policy, 2.4m (2011: 3.9m) shares were repurchased for cancellation over the financial year accounting for 2.1% of the shares in issue at the start of the period. The shares were repurchased at an average discount of 9.6% and a cost of £11.1m (2011: £19.3m) inclusive of dealing expenses.

Analysis of Share Register at 31 October 2012

Category of holder	Number	Share capital %
Individuals	22,258	65.8*
Insurance companies	12	18.6
Investment companies	52	4.4
Pension funds	30	5.7
Other	159	5.5
Total	22,511	100.0

* Includes 21.2% 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 AA UK corporate bond yields (15 years+) over UK gilt yields (15 years+) (31 October 2011: margin was fixed at 1 percentage point). 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.

Potential 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.

Gearing is the term used to describe the process of borrowing money for investment purposes in the expectation that the returns on the investments purchased will exceed the cost of those borrowings.

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Distribution of Shareholders' Funds by Industry

	31 October 2012 %	31 October 2011 %
Oil & Gas	9.0	8.5
Oil & Gas Producers	5.4	6.8
Oil Equipment, Services & Distribution	3.6	1.7
Basic Materials	4.5	5.2
Chemicals	0.9	0.5
Industrial Metals & Mining	0.5	0.6
Mining	3.1	4.1
Industrials	15.2	11.5
Construction & Materials	2.9	2.7
General Industrials	1.6	1.3
Electronic & Electrical Equipment	1.5	1.3
Industrial Engineering	3.1	2.5
Industrial Transportation	5.3	2.9
Support Services	0.8	0.8
Consumer Goods	12.5	13.3
Automobiles & Parts	4.9	4.4
Beverages	1.5	1.8
Food Producers	1.7	2.3
Household Goods & Home Construction	1.4	–
Leisure Goods	0.7	1.7
Personal Goods	0.6	0.2
Tobacco	1.7	2.9
Health Care	7.9	5.8
Health Care Equipment & Services	3.3	2.7
Pharmaceuticals & Biotechnology	4.6	3.1
Consumer Services	13.9	10.1
Food & Drug Retailers	1.5	1.7
General Retailers	5.9	3.6
Media	2.5	1.2
Travel & Leisure	4.0	3.6
Telecommunications	6.1	8.7
Fixed Line Telecommunications	2.4	1.9
Mobile Telecommunications	3.7	6.8
Utilities	3.2	3.9
Electricity	1.3	1.6
Gas, Water & Multi-utilities	1.9	2.3
Financials	23.8	19.3
Banks	9.6	7.0
Non-life Insurance	3.0	1.4
Life Insurance	2.0	1.4
Real Estate Investment & Services	2.0	2.0
Real Estate Investment Trusts	0.7	0.7
Financial Services	3.1	2.1
Equity Investment Instruments	3.4	4.7
Technology	11.5	8.5
Software & Computer Services	4.7	3.5
Technology Hardware & Equipment	6.8	5.0
Total equities	107.6	94.8
(Gearing)/net cash	(7.2)	5.6
Fixed interest	–	0.5
Net current assets	16.0	28.8
Borrowings at market value	(23.2)	(23.7)
Pension liability	(0.4)	(0.4)
Shareholders' funds	100.0	100.0

List of Investments

as at 31 October 2012

Listed Equities

Holding	Country	Market value £'000	Cumulative weight %	Holding	Country	Market value £'000	Cumulative weight %
Apple	US	17,032*		British Land	UK	4,231	
Ross Stores	US	12,821*		Newcrest Mining	Australia	4,215	
Capital One Financial	US	12,820*		GKN	UK	4,210	
Aspen Pharmacare	South Africa	11,990*		Taiwan Mobile	Taiwan	4,194	
Comcast	US	11,313*		Tüpras	Turkey	4,137	
Chevron	US	11,312*		Sydney Airport	Australia	4,055	
Tencent	Hong Kong	10,724*		Associated British Foods	UK	4,027	
eBay	US	10,660*		HSBC	UK	3,958	
CCR	Brazil	10,580*		Aviva	UK	3,929	
Qualcomm	US	10,129*	18.7	Micro Focus International	UK	3,878	84.8
Sampo	Finland	9,898		Svenska Handelsbanken	Sweden	3,876	
Jardine Matheson	Singapore	9,425		Vinci	France	3,843	
CIMB	Malaysia	9,304		Rio Tinto	UK	3,837	
Ambev	Brazil	9,122		América Móvil	Mexico	3,798	
UnitedHealth	US	8,980		Rockwell Automation	US	3,688	
Spectris	UK	8,891		Banco Brasil	Brazil	3,590	
Samsung Electronics	South Korea	8,636		CRH	Ireland	3,466	
Persimmon	UK	8,580		MedicX Fund	UK	3,364	
Standard Life	UK	7,891		Coach	US	3,349	
Philip Morris International	US	7,810	32.5	TF1	France	3,325	90.4
National Oilwell Varco	US	7,758		NCC	Sweden	3,268	
BT	UK	7,632		Freeport-McMoRan Copper & Gold	US	3,133	
US Bancorp	US	7,602		MTN	South Africa	3,082	
Ladbrokes	UK	7,549		Aberforth Geared Income Trust	UK	2,952	
Atlas Copco	Sweden	7,524		Weir Group	UK	2,864	
Yum! Brands	US	7,485		Fast Retailing	Japan	2,762	
Accenture	US	7,465		Elekta	Sweden	2,590	
Pfizer	US	7,382		Coloplast	Denmark	2,570	
Daito Trust Construction	Japan	7,043		TGS-NOPEC Geophysical	Norway	2,552	
Casino Guichard-Perrachon	France	7,041	44.2	Mahle Metal Leve	Brazil	2,542	94.9
Wharf Holdings	Hong Kong	6,778		Topdanmark	Denmark	2,515	
Aeroportuario del Sureste	Mexico	6,684		Inditex	Spain	2,507	
Royal Dutch Shell	UK	6,618		Aberdeen Asset Management	UK	2,487	
Telstra	Australia	6,591		Petrobras	Brazil	2,388	
ANZ Banking	Australia	6,569		KT & G	South Korea	2,365	
PPR	France	6,432		MasterCard	US	2,166	
DBS	Singapore	6,308		Oil Search	Australia	2,084	
Toyota Motor	Japan	6,263		Sands China	Hong Kong	2,071	
Kia Motors	South Korea	6,219		Enel	Italy	2,060	
Petrofac	UK	6,091	54.3	Genus	UK	1,988	98.4
Vodafone	UK	6,050		Greggs	UK	1,928	
Google	US	5,978		AirAsia	Malaysia	1,716	
BHP Billiton	UK	5,929		Ophir Energy	UK	1,009	
Nestlé	Switzerland	5,916		Aberdeen Latin American Income Fund	UK	685	
CPFL Energia	Brazil	5,730		Total listed equities		634,523	99.2
Fresenius Medical Care	Germany	5,650					
GlaxoSmithKline	UK	5,631					
Severn Trent	UK	5,611					
Zurich Insurance	Switzerland	5,507					
BASF	Germany	5,390	63.2				
United Utilities	UK	5,332					
Hutchison Port Holdings Trust	Singapore	5,326					
BNP Paribas	France	5,275					
Hg Capital Trust	UK	5,269					
Standard Chartered	UK	5,213					
Continental	Germany	5,188					
China Overseas Land & Investment	China	5,064					
SoftBank	Japan	5,008					
Sumitomo Mitsui Financial	Japan	5,004					
Seadrill	Norway	4,948	71.3				
Airports of Thailand	Thailand	4,816					
Serco	UK	4,757					
McDonald's	US	4,684					
Konica Minolta	Japan	4,671					
Hess	US	4,557					
Volkswagen	Germany	4,512					
Sega Sammy	Japan	4,456					
JPMorgan Indian Investment Trust	India	4,336					
Deere	US	4,267					
Vale	Brazil	4,242	78.4				

Unlisted

Holding	Country	Market value £'000	Cumulative weight %
Boston Ventures VI	US	2,062	
Apax Europe V-B	UK	1,233	
Heritable property & subsidiaries	UK	1,028	
Others (under £0.5m) (4)	US	509	
Total unlisted		4,832	0.8
Total equities		639,355	100.0

* Denotes 10 largest holdings with an aggregate market value of £119,381,000.