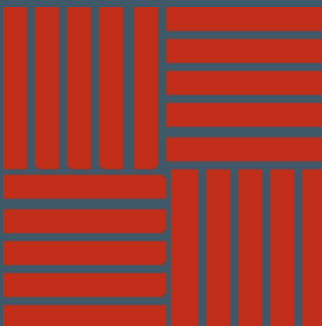


# SCOTTISH MORTGAGE INVESTMENT TRUST PLC

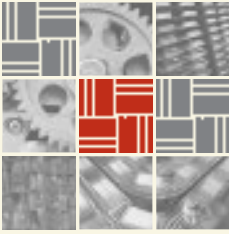
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Your low cost choice  
for global investment



Half-Yearly Financial Report  
30 September 2013





## Objective

Scottish Mortgage Investment Trust PLC is a low cost investment trust that aims to maximise total return over the long term from a focused and actively managed portfolio. It invests globally, looking for strong businesses with above-average returns.

## Benchmark

The portfolio benchmark against which performance is measured is the FTSE All-World Index (in sterling terms).

## Principal Risks and Uncertainties

The principal risks facing the Company relate to the Company's investment activities. These risks are market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of these risks and how they are managed is contained in note 22 of the Company's Annual Report and Financial Statements for the year to 31 March 2013. The principal risks and uncertainties have not changed since the publication of the Annual Report and Financial Statements which can be obtained free of charge from Baillie Gifford & Co (see contact details on the back cover of this report) and is available on the Scottish Mortgage page of the Managers' website:

[www.scottishmortgageit.com](http://www.scottishmortgageit.com). Other risks facing the Company include the following: gearing risk (the use of borrowings can magnify the impact of falling markets); regulatory risk (that the loss of investment trust status or a breach of applicable legal and regulatory requirements could have adverse financial consequences and cause reputational damage); operational/financial risk (failure of service providers' accounting systems could lead to inaccurate reporting or financial loss); and the risk to shareholders that the discount can widen. Further information can be found on page 22 of the Annual Report and Financial Statements.

## Responsibility Statement

We confirm that to the best of our knowledge:

- a) the condensed set of financial statements has been prepared in accordance with the Accounting Standards Board's statement 'Half-Yearly Financial Reports';
- b) the Half-Yearly Management Report includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7R (indication of important events during the first six months, their impact on the financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year); and
- c) the Half-Yearly Financial Report includes a fair review of the information required by Disclosure and Transparency Rules 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board  
John Scott  
Chairman  
30 October 2013

## Summary of Unaudited Results

	30 September 2013	31 March 2013 (audited)	% change
Total assets (before deduction of debentures, long and short term borrowings)	£2,835.1m	£2,593.5m	
Shareholders' funds	£2,440.0m	£2,218.4m	
Net asset value per ordinary share (after deducting borrowings at fair value)*	961.0p	857.6p	12.1
FTSE All-World Index (in sterling terms)	230.4	231.3	(0.4)
Share price	930.5p	822.5p	13.1
Discount (after deducting borrowings at fair value)	(3.2%)	(4.1%)	

	Six months to 30 Sept 2013	Six months to 30 Sept 2012	% change
Revenue earnings per share	9.19p	12.53p	(26.7)
Interim dividend per share#	6.90p	6.70p	3.0

	Six months to 30 Sept 2013		Year to 31 March 2013	
Period's high and low	High	Low	High	Low
Share price	939.0p	781.0p	862.5p	624.0p
Net asset value (after deducting borrowings at fair value)†	979.1p	807.8p	910.2p	675.4p
Discount (after deducting borrowings at fair value)†	(0.6%)	(6.7%)	(2.7%)	(10.3%)
Average sector discount (AIC Global Growth Sector)	(7.9%)	(9.1%)	(8.5%)	(12.0%)

### Notes

\* Borrowings are deducted at fair value (the estimate of market worth).

† Cum-income.

# See note 5, page 12.

Past performance is not a guide to future performance.

# Half-Yearly Management Report

## Results and Approach

Over the six month period performance has been very strong; net asset value (NAV) per share increased by 12.1% and the share price by 13.1%, while the FTSE All-World Index fell by 0.4%.

Performance is assessed by the Board over longer periods (five to ten years) in keeping with the investment approach. Long term results are outstanding: over 5 years the NAV per share total return (capital and dividends) was 104%; the share price, 126% and the FTSE All-World Index, 65%. Over 10 years the returns were: NAV, 240%; share price, 316% and the Index, 135%.

Past performance is an unreliable guide to future performance; the precise repetition of old patterns is unlikely. That said, the approach adopted over the past ten years has been consistent and the intention is to maintain it. The portfolio consists of around 70 investments chosen on a global basis with a long term horizon (five years or longer). Criteria examined when considering investment focus on competitive advantage, financial strength, management attitudes and valuation.

The resulting portfolio bears little resemblance to the benchmark, the FTSE All-World Index. This is adopted only with a view to providing a base against which long term performance can be measured.

Research suggests that sustained outperformance is only achieved with high “active share” (a low overlap with the index). Scottish Mortgage has an active share of 94 (100 means there is no commonality with the index while a figure of zero represents a replication of the Index).

The scale of the Company has increased considerably over the five year period. Scottish Mortgage’s share price has risen recently over £10 and the Company is now one of the largest UK listed investment trusts by market capitalisation. This has been driven by both asset growth and by a narrowing of the discount at which the share price stands to net asset value. Scale is important for a number of reasons including the sharing of costs across a broad base, the advantages of greater prominence and the provision of liquidity to existing and potential shareholders. As the share price has moved closer to net asset value, it is worth bearing in mind that there are 36 million shares held in Treasury which are available for re-issue at a premium.

## Earnings and Dividend

It was pointed out in the 2012/13 Annual Report that earnings in the current year were likely to fall; this has been the case and earnings were 9.19p per share compared to 12.53p in the corresponding period. A dividend of 6.90p will be paid, a 3% increase over last year’s interim payment. It is the Board’s intention to maintain its progressive dividend policy, although the main focus is on capital growth.

## The Portfolio

The portfolio has changed little over the past six months. Holdings were taken in Dropbox (secure and easy to use data storage), Genomic Health (a molecular diagnostics company that sells tests that help to predict how patients will respond to cancer treatment) and Tesla Motors (an ambitious and rapidly growing Californian electric car designer and manufacturer). A new name in the top ten holdings is Kering, reflecting a name change from PPR (French owner of luxury brands including Gucci, Bottega Veneta, Saint Laurent and Alexander McQueen). There were complete sales of three holdings where on re-examination the investment case was considered less promising: Serco (government outsourcing), FLIR Systems (infrared sensors) and Dangdang (on line book seller).

## Markets and Outlook

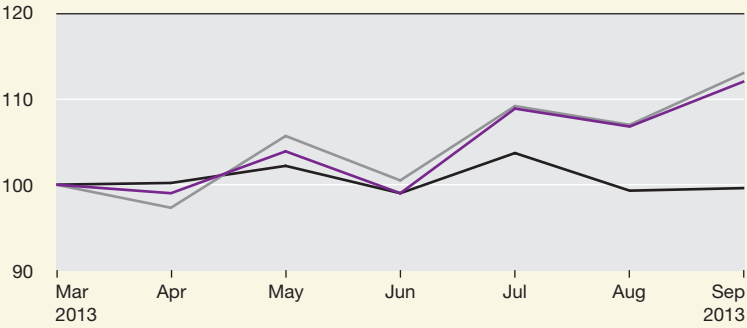
Market preoccupations over the six months have included: the consequences of the withdrawal of stimulus measures and the tapering of quantitative easing, the short term weakness of emerging markets indices and some currencies, the increasingly delicate and pivotal state of Middle Eastern politics and the inability of the US Government to agree its debt ceiling and budget. Offsetting these unsettling preoccupations has been the positive news that larger economies are recovering well and enjoying accelerating growth rates (including the US, Germany and the UK) or still growing at a relatively fast pace (notably China). This is probably the strand that has most impact on confidence and also on individual companies’ operational plans and future returns.

However, the investment managers’ main concern continues to be the longer term strategic and operational performance of individual companies rather than short term macro-economic conditions.

The principal risks and uncertainties facing the Company are set out on the inside front cover of this report.

## Six Months Performance

(figures plotted on a monthly basis and rebased to 100 at 31 March 2013)



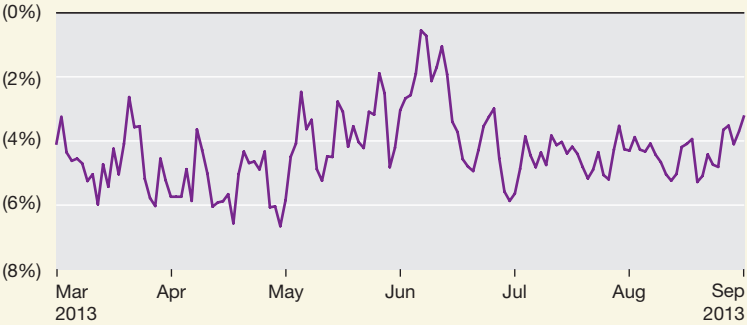
Source: Thomson Reuters Datastream/Baillie Gifford & Co.

- NAV (after deducting borrowings at fair value)
- Share price
- FTSE All-World Index (in sterling terms)

Dividends are not reinvested.

## Discount to Net Asset Value

(plotted on a daily basis)



Source: Baillie Gifford & Co.

- Scottish Mortgage Discount (after deducting borrowings at fair value)

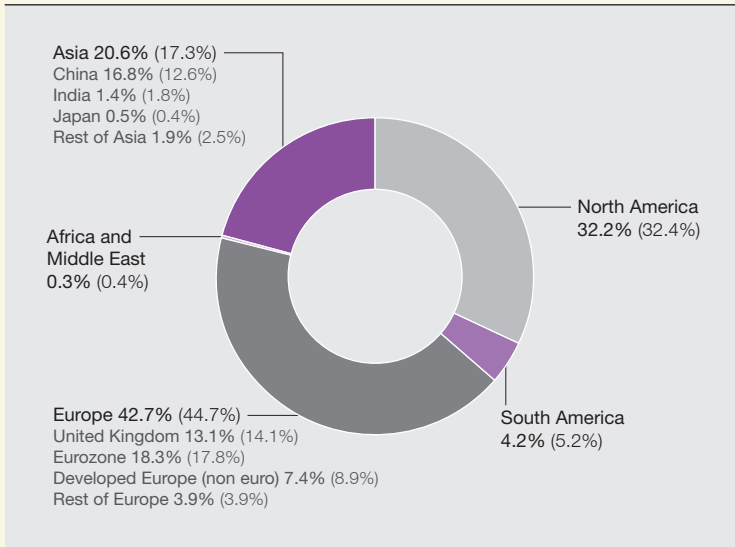
The discount is the difference between Scottish Mortgage's quoted share price and its underlying net asset value calculated after deducting borrowings at fair value.

Past performance is not a guide to future performance.

## Distribution of Total Assets\*

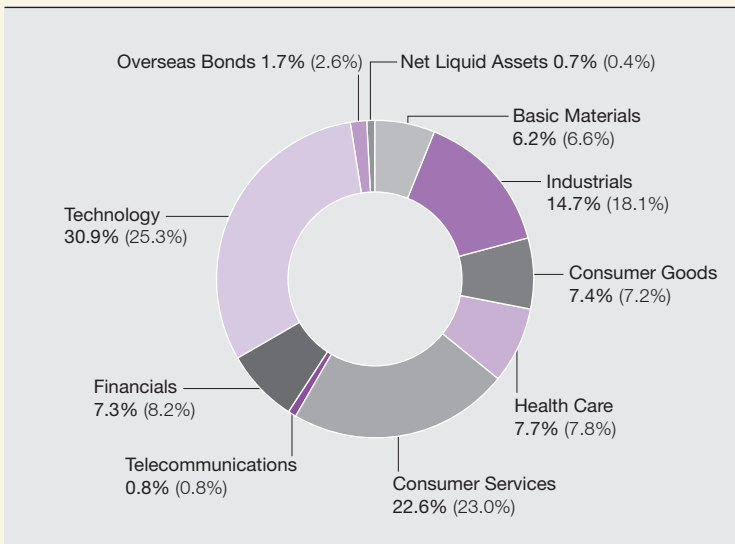
### Geographical Analysis at 30 September 2013

(31 March 2013)



### Sectoral Analysis at 30 September 2013

(31 March 2013)



\* Total assets before deduction of debentures, long and short term borrowings.

## Thirty Largest Holdings and Performance at 30 September 2013

Name	Business	Fair value £'000	% of total assets	Contribution to absolute performance % †
Amazon.com	Online retailer	225,582	7.96	1.1
Baidu	Online search engine	213,388	7.53	3.7
Tencent Holdings	Internet services	146,501	5.17	2.4
Inditex	International clothing retailer	146,499	5.17	0.6
Atlas Copco	Engineering	129,864	4.58	(0.2)
Kering	Luxury goods producer and retailer	124,056	4.38	(0.1)
Illumina	Biotechnology equipment	107,379	3.79	1.6
Google	Online search engine	95,259	3.36	0.3
Salesforce	Cloud computing and hosting	88,362	3.12	0.3
Apple	Computer technology	71,009	2.50	0.0
Prudential	International insurance	67,464	2.38	0.3
Banco Santander	Banking	60,710	2.14	0.5
KGHM	Copper mining	57,806	2.04	(0.5)
Vale (CVRD)	Iron ore and nickel mining	54,833	1.93	(0.4)
Facebook	Social networking site	54,317	1.92	1.1
Novozymes	Enzyme manufacturer	53,498	1.89	0.1
Whole Foods Market	Food retailer	51,011	1.80	0.6
Reckitt Benckiser	Consumer goods company	50,051	1.76	(0.1)
Fiat	Automobiles	48,540	1.71	0.7
Brazil CPI Linked 2045	Brazilian government inflation linked bond	47,548	1.68	(0.9)
Intuitive Surgical	Surgical robots	44,787	1.58	(0.8)
Rolls-Royce Group	Aerospace equipment	44,480	1.57	0.0
BASF	Chemicals	44,273	1.56	0.1
Alibaba Group#	Online retail	44,067	1.55	0.3
LinkedIn Corp	Business-related social networking site	36,063	1.27	0.4
New Oriental Education & Technology	Education and training	35,744	1.26	0.5
Rackspace Hosting	Cloud computing and hosting	35,151	1.24	0.0
Aggreko	Power equipment rental	31,526	1.11	(0.1)
Arm Holdings	Semiconductor and software design company	31,307	1.10	0.1
Deere	Farm machinery	30,574	1.08	(0.2)
		<b>2,271,649</b>	<b>80.13</b>	

† Contribution to absolute performance has been calculated on a total return basis over the period 1 April 2013 to 30 September 2013.

# Denotes holding in unlisted convertible preference shares.

Source: Baillie Gifford & Co/StatPro.

Past performance is not a guide to future performance.

## Income Statement (unaudited)

	For the six months ended 30 September 2013		
	Revenue £'000	Capital £'000	Total £'000
Gains on sales of investments	–	17,339	<b>17,339</b>
Changes in investment holding gains and losses	–	214,981	<b>214,981</b>
Currency gains/(losses)	–	13,092	<b>13,092</b>
Income from investments and interest receivable	33,433	–	<b>33,433</b>
Investment management fee (note 3)	(2,166)	(2,166)	<b>(4,332)</b>
Other administrative expenses	(1,271)	–	<b>(1,271)</b>
<b>Net return before finance costs and taxation</b>	<b>29,996</b>	<b>243,246</b>	<b>273,242</b>
Finance costs of borrowings	(4,627)	(4,627)	<b>(9,254)</b>
<b>Net return on ordinary activities before taxation</b>	<b>25,369</b>	<b>238,619</b>	<b>263,988</b>
Tax on ordinary activities	(2,402)	–	<b>(2,402)</b>
<b>Net return on ordinary activities after taxation</b>	<b>22,967</b>	<b>238,619</b>	<b>261,586</b>
<b>Net return per ordinary share</b> (note 4)	<b>9.19p</b>	<b>95.52p</b>	<b>104.71p</b>
<b>Dividends paid and proposed per ordinary share</b> (note 5)	<b>6.90p</b>		

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

All revenue and capital items in this statement derive from continuing operations. No operations were acquired or discontinued during the year.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.



For the six months ended 30 September 2012			For the year ended 31 March 2013 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	64,428	<b>64,428</b>	–	105,854	<b>105,854</b>
–	(94,544)	<b>(94,544)</b>	–	139,134	<b>139,134</b>
–	2,099	<b>2,099</b>	–	(10,396)	<b>(10,396)</b>
42,608	–	<b>42,608</b>	58,950	–	<b>58,950</b>
(1,831)	(1,831)	<b>(3,662)</b>	(3,836)	(3,836)	<b>(7,672)</b>
(1,151)	–	<b>(1,151)</b>	(2,379)	–	<b>(2,379)</b>
39,626	(29,848)	<b>9,778</b>	52,735	230,756	<b>283,491</b>
(4,663)	(4,663)	<b>(9,326)</b>	(9,215)	(9,215)	<b>(18,430)</b>
34,963	(34,511)	<b>452</b>	43,520	221,541	<b>265,061</b>
(3,194)	–	<b>(3,194)</b>	(4,010)	–	<b>(4,010)</b>
<b>31,769</b>	<b>(34,511)</b>	<b>(2,742)</b>	<b>39,510</b>	<b>221,541</b>	<b>261,051</b>
<b>12.53p</b>	<b>(13.61p)</b>	<b>(1.08p)</b>	<b>15.59p</b>	<b>87.42p</b>	<b>103.01p</b>
<b>6.70p</b>			<b>14.00p</b>		

## Balance Sheet (unaudited)

	At 30 Sept 2013 £'000	At 30 Sept 2012 £'000	At 31 March 2013 (audited) £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	2,815,734	2,340,750	2,581,849
<b>Current assets</b>			
Debtors	25,625	10,328	5,401
Cash and short term deposits	13,688	7,556	13,867
	39,313	17,884	19,268
<b>Creditors</b>			
Amounts falling due within one year:			
Bank loans (note 6)	(244,273)	(61,308)	(65,196)
Other creditors	(19,985)	(4,385)	(7,671)
	(264,258)	(65,693)	(72,867)
<b>Net current liabilities</b>	(224,945)	(47,809)	(53,599)
<b>Total assets less current liabilities</b>	2,590,789	2,292,941	2,528,250
<b>Creditors</b>			
Amounts falling due after more than one year:			
Bank loans (note 6)	–	(149,539)	(158,929)
Debenture stocks	(150,825)	(151,067)	(150,953)
	(150,825)	(300,606)	(309,882)
	<b>2,439,964</b>	<b>1,992,335</b>	<b>2,218,368</b>
<b>Capital and reserves</b>			
Called up share capital	71,086	71,086	71,086
Capital redemption reserve	19,094	19,094	19,094
Capital reserve	2,261,893	1,809,718	2,045,003
Revenue reserve	87,891	92,437	83,185
<b>Shareholders' funds</b>	<b>2,439,964</b>	<b>1,992,335</b>	<b>2,218,368</b>
<b>Net asset value per ordinary share</b>			
(after deducting borrowings at fair value) (note 7)	<b>961.0p</b>	<b>757.4p</b>	<b>857.6p</b>
<b>Net asset value per ordinary share</b>			
(after deducting borrowings at par)	<b>983.3p</b>	<b>787.7p</b>	<b>885.4p</b>
<b>Ordinary shares in issue</b> (note 8)	<b>248,664,897</b>	<b>253,619,897</b>	<b>251,144,897</b>

## Reconciliation of Movements in Shareholders' Funds (unaudited)

### For the six months ended 30 September 2013

	Share capital £'000	Capital redemption reserve £'000	Capital reserve * £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 April 2013	71,086	19,094	2,045,003	83,185	<b>2,218,368</b>
Net return on ordinary activities after taxation	–	–	238,619	22,967	<b>261,586</b>
Shares bought back (note 8)	–	–	(21,729)	–	<b>(21,729)</b>
Dividends paid during the period (note 5)	–	–	–	(18,261)	<b>(18,261)</b>
<b>Shareholders' funds at 30 September 2013</b>	<b>71,086</b>	<b>19,094</b>	<b>2,261,893</b>	<b>87,891</b>	<b>2,439,964</b>

### For the six months ended 30 September 2012

	Share capital £'000	Capital redemption reserve £'000	Capital reserve * £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 April 2012	71,086	19,094	1,844,229	77,914	<b>2,012,323</b>
Net return on ordinary activities after taxation	–	–	(34,511)	31,769	<b>(2,742)</b>
Shares bought back (note 8)	–	–	–	–	<b>–</b>
Dividends paid during the period (note 5)	–	–	–	(17,246)	<b>(17,246)</b>
<b>Shareholders' funds at 30 September 2012</b>	<b>71,086</b>	<b>19,094</b>	<b>1,809,718</b>	<b>92,437</b>	<b>1,992,335</b>

### For the year ended 31 March 2013 (audited)

	Share capital £'000	Capital redemption reserve £'000	Capital reserve * £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 April 2012	71,086	19,094	1,844,229	77,914	<b>2,012,323</b>
Net return on ordinary activities after taxation	–	–	221,541	39,510	<b>261,051</b>
Shares bought back (note 8)	–	–	(20,767)	–	<b>(20,767)</b>
Dividends paid during the year (note 5)	–	–	–	(34,239)	<b>(34,239)</b>
<b>Shareholders' funds at 31 March 2013</b>	<b>71,086</b>	<b>19,094</b>	<b>2,045,003</b>	<b>83,185</b>	<b>2,218,368</b>

\* The Capital Reserve balance at 30 September 2013 includes investment holding gains on fixed asset investments of £1,109,365,000 (30 September 2012 – gains of £660,706,000 and 31 March 2013 – gains of £894,384,000).

## Condensed Cash Flow Statement (unaudited)

	Six months to 30 Sept 2013	Six months to 30 Sept 2012	Year to 31 March 2013 (audited)
	£'000	£'000	£'000
Net cash inflow from operating activities	24,216	29,315	48,335
Net cash outflow from servicing of finance	(9,277)	(9,499)	(18,693)
Total tax suffered	(2,162)	(2,534)	(4,042)
Net cash (outflow)/inflow from financial investment	(6,096)	(13,335)	22,418
Equity dividends paid (note 5)	(18,261)	(17,246)	(34,239)
<b>Net cash (outflow)/inflow before use of liquid resources and financing</b>	<b>(11,580)</b>	<b>(13,299)</b>	<b>13,779</b>
Shares bought back (note 8)	(21,729)	–	(20,767)
Net cash inflow from bank loans (note 6)	33,130	–	–
<b>Decrease in cash</b>	<b>(179)</b>	<b>(13,299)</b>	<b>(6,988)</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Decrease in cash in the period	(179)	(13,299)	(6,988)
Increase in bank loans (note 6)	(33,130)	–	–
Exchange movement on bank loans	12,982	3,970	(9,308)
Other non-cash changes	128	112	226
<b>Movement in net debt in the period</b>	<b>(20,199)</b>	<b>(9,217)</b>	<b>(16,070)</b>
<b>Net debt at start of the period</b>	<b>(361,211)</b>	<b>(345,141)</b>	<b>(345,141)</b>
<b>Net debt at end of the period</b>	<b>(381,410)</b>	<b>(354,358)</b>	<b>(361,211)</b>
<b>Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities</b>			
Net return on ordinary activities before finance costs and taxation	273,242	9,778	283,491
Net (gains)/losses on investments	(232,320)	30,116	(244,988)
Currency (gains)/losses	(13,092)	(2,099)	10,396
Changes in debtors and creditors	(3,614)	(8,480)	(564)
<b>Net cash inflow from operating activities</b>	<b>24,216</b>	<b>29,315</b>	<b>48,335</b>

## Notes to the Condensed Financial Statements (unaudited)

- 1** The condensed financial statements for the six months to 30 September 2013 comprise the statements set out on pages 6 to 10 together with the related notes on pages 11 and 12. They have been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements at 31 March 2013 and in accordance with the ASB's Statement 'Half-Yearly Financial Reports' and have not been audited or reviewed by the Auditors pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information'. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. The Board approves borrowing limits and reviews regularly the amount of any borrowings and compliance with banking covenants. Accordingly, the Half-Yearly Financial Report has been prepared on the going concern basis as it is the Directors' opinion that the Company will continue in operational existence for the foreseeable future.
- 2** The financial information contained within this Half-Yearly Financial Report does not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006. The financial information for the year ended 31 March 2013 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditors' Report on those accounts was not qualified and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.
- 3** Baillie Gifford & Co is employed by the Company as investment managers and secretaries under a management agreement which can be terminated on not less than six months' notice, or on shorter notice in certain circumstances. The fee in respect of each quarter is 0.08% of total assets less current liabilities (excluding short term borrowings for investment purposes).

	Six months to 30 Sept 2013	Six months to 30 Sept 2012	Year to 31 March 2013 (audited)
	£'000	£'000	£'000
<b>4 Net return per ordinary share</b>			
Revenue return on ordinary activities after taxation	22,967	31,769	39,510
Capital return on ordinary activities after taxation	238,619	(34,511)	221,541
<b>Total net return</b>	<b>261,586</b>	<b>(2,742)</b>	<b>261,051</b>
<b>Weighted average number of ordinary shares in issue</b>	<b>249,808,285</b>	<b>253,619,897</b>	<b>253,421,883</b>

The net return per ordinary share figures are based on the above totals of revenue and capital and the weighted average number of ordinary shares in issue during each period.

There are no dilutive or potentially dilutive shares in issue.

	Six months to 30 Sept 2013	Six months to 30 Sept 2012	Year to 31 March 2013 (audited)
	£'000	£'000	£'000
<b>5 Dividends</b>			
<b>Amounts recognised as distributions in the period:</b>			
Previous year's final dividend of 7.30p (2012 – 6.80p), paid 1 July 2013	18,261	17,246	17,246
Interim dividend for the year ended 31 March 2013 of 6.70p, paid 23 November 2012	–	–	16,993
	<b>18,261</b>	<b>17,246</b>	<b>34,239</b>

## Notes to the Condensed Financial Statements (unaudited)

	Six months to 30 Sept 2013 £'000	Six months to 30 Sept 2012 £'000	Year to 31 March 2013 (audited) £'000
<b>5 Dividends (cont.)</b>			
<b>Dividends paid and proposed in the period:</b>			
Interim dividend for the year ending 31 March 2014 of 6.90p (2013 – 6.70p)	17,158	16,993	16,993
Final dividend for the year ended 31 March 2013 of 7.30p	–	–	18,334
Adjustment to provision for previous year's final dividend re shares bought back	(73)	–	–
	<b>17,085</b>	<b>16,993</b>	<b>35,327</b>

The interim dividend was declared after the period end date and has therefore not been included as a liability in the balance sheet. It is payable on 29 November 2013 to shareholders on the register at the close of business on 15 November 2013. The ex dividend date is 13 November 2013. The Company's Registrars offer a Dividend Reinvestment Plan and the final date for elections for this dividend is 18 November 2013.

- 6** The bank loans falling due within one year comprise US\$150 million, US\$163 million and €61 million (30 September 2012 – US\$99 million; 31 March 2013 – US\$99 million).

There were no bank loans falling due in more than one year at 30 September 2013 (30 September 2012 – US\$163 million and €61 million; 31 March 2013 – US\$163 million and €61 million).

During the period the bank loan of US\$99 million with The Bank of New York Mellon was repaid and replaced with a £100 million multi-currency facility with State Street Bank and Trust Company.

- 7** The fair value of the borrowings at 30 September 2013 was £445,425,000 (30 September 2012 – £433,441,000; 31 March 2013 – £439,557,000).

	At 30 Sept 2013 No. of shares	At 30 Sept 2012 No. of shares	At 31 March 2013 (audited) No. of shares
<b>8 Share capital: Ordinary shares of 25p each</b>			
Allotted, called up and fully paid	248,664,897	253,619,897	251,144,897
Treasury shares	35,681,279	30,726,279	33,201,279
	<b>284,346,176</b>	<b>284,346,176</b>	<b>284,346,176</b>

In the six months to 30 September 2013 a total of 2,480,000 ordinary shares were bought back at a total cost of £21,729,000 (30 September 2012 no ordinary shares were bought back; in the year to 31 March 2013 a total of 2,475,000 ordinary shares were bought back at a total cost of £20,767,000). At 30 September 2013 the Company had authority to buy back a further 36,633,042 ordinary shares.

- 9** Transaction costs on purchases amounted to £153,000 (30 September 2012 – £180,000; 31 March 2013 – £238,000) and transaction costs on sales amounted to £59,000 (30 September 2012 – £80,000; 31 March 2013 – £188,000).

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

## Further Shareholder Information

Scottish Mortgage's shares are traded on the London Stock Exchange. They can be bought through a stockbroker, by asking a professional adviser to do so, or through the Baillie Gifford savings vehicles.

### Baillie Gifford's Investment Trust Share Plan

You can invest a minimum of £250 or from £30 per month. The plan is designed to be a cost-effective way of saving on a lump sum or regular basis.

### Baillie Gifford's Investment Trust ISA

You can invest in a tax efficient way by investing a minimum of £2,000 or from £100 per month or by transferring an ISA with a value of at least £2,000 from your existing manager.

### Baillie Gifford's Children's Savings Plan

A cost-effective plan tailored especially to meet the requirements to save for children. You can invest a minimum of £100 or from £25 per month.

### Online Management Service

You can also open and manage your Share Plan, Children's Savings Plan\* and/or ISA online, through our secure Online Management Service (OMS) which can be accessed through the Baillie Gifford website at [www.bailliegifford.com/oms](http://www.bailliegifford.com/oms). OMS enables you to apply for, open and administer a Baillie Gifford Investment Trust Share Plan or Investment Trust ISA online. As well as being able to view the details of your plan online, the service also allows you to:

- obtain current valuations;
- make lump sum investments, except where there is more than one holder;
- sell part or all of your holdings, except where there is more than one holder;
- switch between investment trusts, except where there is more than one holder; and
- update certain personal details e.g. address and telephone number.

\* Please note that a Bare Trust cannot be opened via OMS. A Bare Trust Application Form must be completed.

The information about the ISA, Share Plan and Children's Savings Plan has been approved by Baillie Gifford Savings Management Limited.

Baillie Gifford Savings Management Limited is the ISA Manager, the Manager of the Baillie Gifford Investment Trust Share Plan and Children's Savings Plan. Baillie Gifford Savings Management Limited is wholly owned by Baillie Gifford & Co. Both are authorised and regulated by the Financial Conduct Authority and both are based at Calton Square, 1 Greenside Row, Edinburgh EH1 3AN. Baillie Gifford only provides information about its products and does not provide investment advice.

### Risk Warnings

- Past performance is not a guide to future performance.
- Scottish Mortgage is listed on the London Stock Exchange. As a result, the value of its shares and any income from them can fall as well as rise and investors may not get back the amount invested.
- Scottish Mortgage invests in overseas securities. Changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.
- Scottish Mortgage invests in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.
- Scottish Mortgage has borrowed money to make further investments (sometimes known as 'gearing'). The risk is that when this money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs and the Company will make a loss. If the Company's investments fall in value, any borrowings will increase the amount of this loss.
- Scottish Mortgage can buy back its own shares. The risks from borrowing, referred to above, are increased when a company buys back its shares.
- Market values for securities which have become difficult to trade may not be readily available and there can be no assurance that any value assigned to such securities will accurately reflect the price Scottish Mortgage might receive upon their sale.
- Scottish Mortgage can make use of derivatives. The use of derivatives may impact on its performance.
- Scottish Mortgage charges 50% of the investment management fee and 50% of borrowing costs to capital which reduces the capital value. Also, where income is low, the remaining expenses may be greater than the total income received, meaning Scottish Mortgage may not pay a dividend and the capital value would be further reduced.
- You should note that tax rates and reliefs may change at any time and their value depends on your circumstances.
- Details of other risks that apply to investment in the savings vehicles shown on this page are contained in the product brochures.

The staff of Baillie Gifford and the Directors of Scottish Mortgage may hold shares in Scottish Mortgage and may buy or sell such shares from time to time.

Scottish Mortgage Investment Trust PLC is a UK public listed company and as such complies with the requirements of the UK Listing Authority. It is not authorised or regulated by the Financial Conduct Authority.

## Directors

Chairman:

JPHS Scott FCII FCSI DL

Dr MM Gray OBE DL

Professor JA Kay FBA FRSE

FC McBain ACA

WG McQueen CA FCIBS

## Managers, Secretaries and Registered Office

Baillie Gifford & Co

Calton Square

1 Greenside Row

Edinburgh

EH1 3AN

Tel: 0131 275 2000

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

## Registrar

Computershare Investor

Services PLC

The Pavilions

Bridgwater Road

Bristol

BS99 6ZZ

Tel: 0870 707 1300

## Banker

The Bank of New York Mellon SA/NV

46 Rue Montoyerstraat

B-1000 Brussels

Belgium

## Company Broker

Cenkos Securities plc

6.7.8 Tokenhouse Yard

London

EC2R 7AS

## Independent Auditor

KPMG Audit Plc

Saltire Court

20 Castle Terrace

Edinburgh

EH1 2EG

## Company Details

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

E-mail:

[scottishmortgage@bailliegifford.com](mailto:scottishmortgage@bailliegifford.com)

Company Registration

No. SC007058

ISIN GB0007838849

Sedol 0783884

Ticker SMT

## Further Information

Client Relations Team

Baillie Gifford Savings

Management Limited

Calton Square

1 Greenside Row

Edinburgh

EH1 3AN

Tel: 0800 917 2112

Your call may be recorded

E-mail:

[trustenquiries@bailliegifford.com](mailto:trustenquiries@bailliegifford.com)

Fax: 0131 275 3955