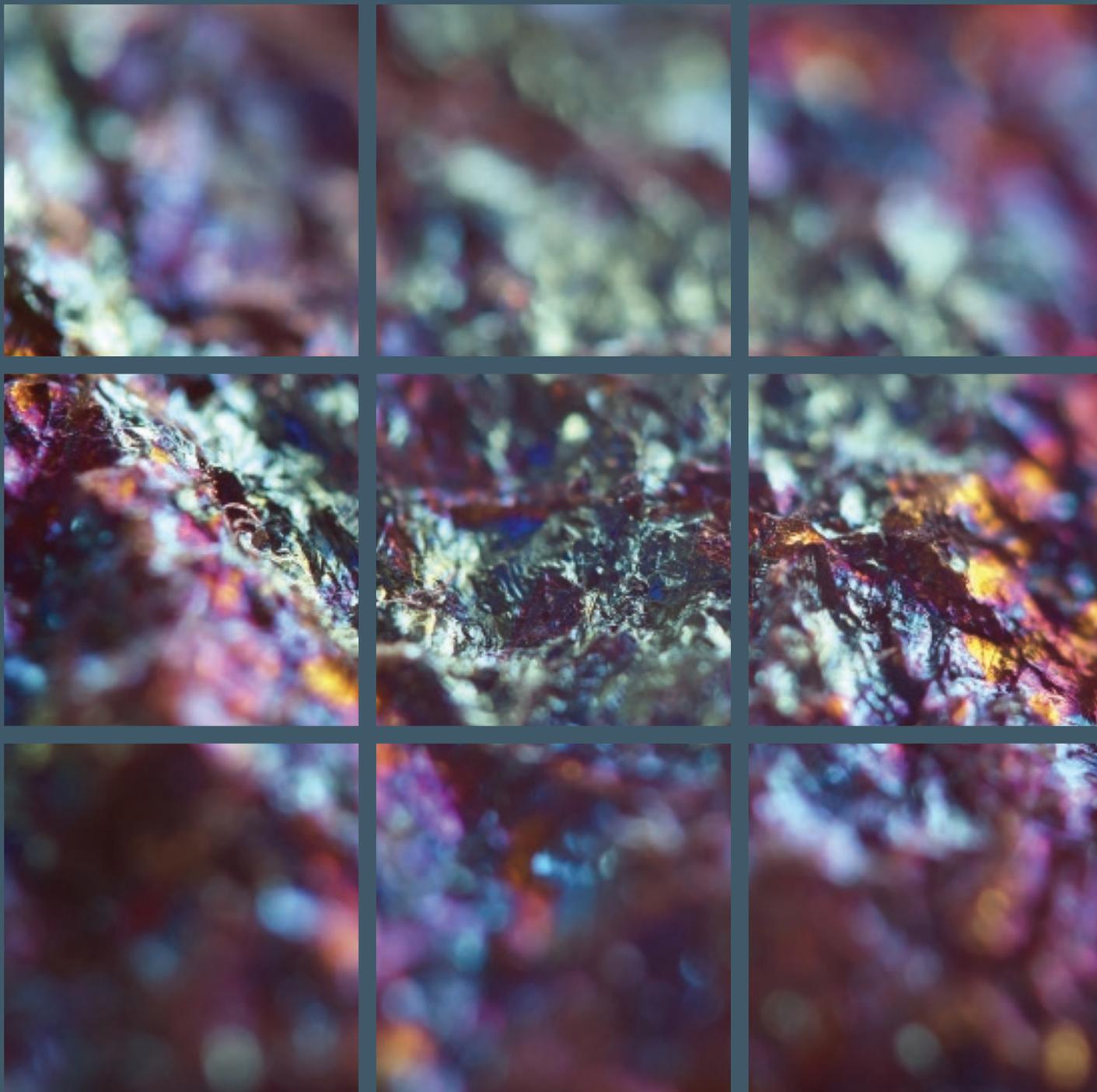


SCOTTISH MORTGAGE INVESTMENT TRUST PLC

Your low cost choice
for global investment



Interim Financial Report
30 September 2018





Scottish Mortgage Investment Trust PLC is an actively managed, low cost investment trust, investing in a high conviction global portfolio of companies with the aim of maximising its total return over the long term. It looks for strong businesses with above-average returns and aims to achieve a greater return than the FTSE All-World Index (in sterling terms) over a five year rolling period.

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 are financial risk, unlisted investments risk, investment strategy risk, discount risk, regulatory risk, custody and depositary risk, operational risk, leverage risk and political risk. An explanation of these risks and how they are managed is set out on pages 8 and 9 of the Company's Annual Report and Financial Statements for the year to 31 March 2018 which is available on the Company's website: www.scottishmortgageit.com. The principal risks and uncertainties have not changed since the date of that report.

Responsibility Statement

We confirm that to the best of our knowledge:

- a) the condensed set of Financial Statements has been prepared in accordance with FRS 104 'Interim Financial Reporting';
- b) the Interim 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 condensed set of Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the year); and
- c) the Interim 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
Fiona McBain
Chairman
1 November 2018

Summary of Unaudited Results

	30 September 2018	31 March 2018 (audited)	% change	
Total assets (before deduction of debentures, long and short term borrowings)*	£8,355.7m	£6,673.5m		
Shareholders' funds	£7,652.3m	£6,187.8m		
Net asset value per ordinary share (after deducting borrowings at fair value)*	524.9p	439.9p		19.3
Net asset value per ordinary share (after deducting borrowings at book)*	527.7p	443.5p		19.0
FTSE All-World Index (in sterling terms)†				11.3
Share price	541.3p	442.2p		22.4
Premium (after deducting borrowings at fair value)*	3.1%	0.5%		
Active share*^	94%	94%		

	Six months to 30 Sept 2018	Six months to 30 Sept 2017	% change	
Revenue earnings per share	1.35p	0.82p		64.6
Interim dividend per share#	1.39p	1.39p		–

	Six months to 30 Sept 2018	Six months to 30 Sept 2017	% change	
Total returns (%)††				
Net asset value per ordinary share (after deducting borrowings at fair value)*	19.8	18.0		
Net asset value per ordinary share (after deducting borrowings at book)*	19.4	17.6		
Share price	22.8	15.8		
FTSE All-World Index (in sterling terms)	12.9	2.4		

	Six months to 30 Sept 2018		Year to 31 March 2018	
Period high and low	High	Low	High	Low
Share price	568.30p	420.60p	477.80p	361.50p
Net asset value per ordinary share (after deducting borrowings at fair value)*	545.55p	430.24p	480.08p	349.81p
Premium/(discount) (after deducting borrowings at fair value)*	5.1%	(3.1%)	5.5%	(5.6%)
Average sector discount (AIC Global Sector)	(1.0%)	(1.8%)	(2.1%)	(4.4%)

* See Glossary of Terms on page 21.

† Source: Morningstar/Baillie Gifford and relevant underlying index providers. See disclaimer on page 20.

^ Active share is unaudited.

See note 5, page 16.

Past performance is not a guide to future performance.

Interim Management Report

Investment Approach

The Managers have not changed their investment approach. If a company, public or private, has the potential to grow substantially over the next 5 to 10 years, then it is a good place to start looking for long term value creation for shareholders. Over this timeframe and beyond, equity investment returns are primarily driven by just a very few, extraordinary companies. There is a real asymmetry to the possible returns from investing in such businesses, as the potential upside is significantly larger than the possible risk to the capital invested. The Managers are focused on trying to find and own these outliers on behalf of Scottish Mortgage's shareholders.

The discipline to focus on your core skill set where you might be able to have a competitive advantage matters in investment, just as it does for the portfolio's businesses. The Managers believe it is much easier to search for the potential for value creation within companies which are capitalising on relatively predictable long run structural trends, than to divine the movement of equity markets in the near term. For these reasons, they focus on their task and do not also try to decipher the intervening path of their portfolio companies' share prices. The value of Scottish Mortgage's shares will therefore be subject to the same vagaries of short term markets as those of the portfolio's own companies. This means that Scottish Mortgage is best suited to those who share the Managers' long term approach to investing.

Performance

The six months results are set out on the preceding page, but once again the Managers provide them only with the caution that this is too short a time over which to judge the success or otherwise of this investment approach. The value of the portfolio can and will fluctuate over such short periods. We are inclined to view such times more as an opportunity than a cause for serious concern.

The Managers are proud to say that they have continued to deliver good long term returns for shareholders. The total return from investing in Scottish Mortgage over the last 5 years to the end of September was 206%, with a corresponding performance in the underlying net asset value (NAV) of 188%. For comparison, the return from simply passively investing in the broader global equity market as a whole over the same time period was considerably lower. The FTSE All-World Index's total return over the last 5 years was just under 94%. The five year and ten year performance records are illustrated in the graphs on page 4 of this report.

Earnings and Dividend

The Managers look for companies which prioritise investing for their future growth, rather than returning cash to shareholders. As a result, the portfolio tends to generate a relatively low level of income. Earnings per share were 1.35p over the six months to 30 September 2018, whilst the earnings per share over the same period last year were 0.82p. The majority of the year on year increase resulted from the decision to allocate all of the management fee and finance costs to capital, as highlighted in the Company's most recent Annual Report. Without this accounting change, earnings would have been 0.90p per share.

As a reminder, while Scottish Mortgage has a total return based investment objective, shareholders should anticipate that returns will primarily come through in the form of long term capital appreciation, rather than from the Company's dividend payments. The Board acknowledges, however, that many investors do value the income received from their shares in the Company and stands by its guidance on the Company's dividend policy provided by the Chairman in the 2018 Annual Report. Provided that it remains appropriate, the Board intends to continue to pay a relatively small dividend, with a modest year on year increase. This will be paid from the Company's earnings and supplemented from capital profits, provided that Scottish Mortgage's long term returns continue to justify this. With this in mind and the earnings received so far this year, the Board proposes to pay an interim dividend of 1.39p. This is unchanged from the same period last year.

The Board will review the position again at the end of the financial year, once the final figures are known.

Liquidity

There continued to be a good level of natural market liquidity in Scottish Mortgage's shares on the London Stock Exchange. The Company also robustly supported strong net demand for its shares through its liquidity policy, as set out in the Annual Report. Scottish Mortgage issued nearly 55 million shares over the period. As a result, shareholders' funds increased by over £286 million over the period. The Company did not buy back any shares into treasury over this period.

Portfolio

In recent years, Scottish Mortgage has taken advantage of its investment trust structure to provide its shareholders with access to unquoted companies, which would not normally be accessible to public equity market investors, and to do so within its own low cost structure. Many of these investments have still only been held for a relatively short period, and, of those now listed on an exchange, most have only been public for a few months, so it is still relatively early days.

Until now, the Managers have focused their published comments on this unquoted part of the portfolio on the individual companies themselves. It is only now that the beginnings of a sensible data set is emerging, from which it might be possible to draw out some overall observations. The Managers have therefore taken this opportunity to highlight the progress to date from such investments. It should be emphasised, however, that these companies are not a separate or homogenous group within the portfolio.

In total, such holdings have so far made an absolute contribution in sterling terms to portfolio returns of just under 17%, if one only takes account of the returns generated in the period for which they remained private. This misses one of the important advantages that Scottish Mortgage has when investing in such companies, which is the potential for continued or increased ownership in the event of a public listing. The absolute contribution in sterling terms to the portfolio returns from holding such companies to the end of September was actually just under 30%, when the subsequent returns they generated in the public markets are included.

Past performance is not a guide to future performance.

Total return information sourced from Morningstar/StatPro.

See disclaimer on page 20.

Put another way, from June 2010 when the Managers made their first unquoted investment to the end of September 2018, the entire Scottish Mortgage portfolio generated a total return of 344%, but the total return from just the subset of holdings that had started out as unlisted investments over the same period was 419%. For context the FTSE All-World Index's total return over the same period was 163%.

The Managers would suggest that, just as with the overall portfolio, the performance of these private and private/public company holdings should be judged over the long term and over their full holding periods.

The chart on page 11 shows the individual returns from all of the private company investments which have now become public. For each company, there are three lines: the absolute return from the company as a private investment (purple line), the return from the initial public offering (IPO) date to the end of September 2018 (grey line) and the return from the investment throughout its holding period (the lilac line). An example may help. Scottish Mortgage invested in Alibaba in 2012 as a private company. The return from holding this as a private company in the portfolio until its IPO in September 2014 was over 270%. As at the end of September, the sterling based return from the investment since the IPO was roughly 200%. The total holding period return, however, was over 1,000%.

The power of long term compounding returns is, though, only one aspect of the importance of access to such companies. The European success story, Spotify, was highlighted in the last Annual Report and became a public company in April this year. Already the benefits in return terms of being able to invest in the company at an earlier stage can be seen but, while the value of the relationship developed with Daniel Ek is harder to measure, it may be at least as important to generating long term returns for Scottish Mortgage shareholders from here.

The Managers have frequently commented on the benefits of being able to develop relationships in this way with those at the companies which are driving significant changes in their industries. For private companies, such insights are not available to purely public equity investors, yet, for example, understanding the business model and growth of Airbnb is crucial to thinking about the future of the hotel and broader travel industry, as well as that particular company. Hearing the thoughts of Jack Ma at Alibaba, both before and after the IPO in 2014, has been critical to understanding the development of the consumption economy within China.

There are more benefits too in terms of the ability to access new investments. This can be direct, as with Grail and Illumina and with Alibaba and Ant Financial. Alternatively, it may simply be by virtue of earning a reputation in the sector for being long term constructive shareholders, as with Uptake.

Illumina and Grail have already been commented on at length, though both remain important. The relationship developed with Alibaba as a private company and then the Managers' steady support through the inevitable market volatility in the share price post IPO, led to the Managers getting the opportunity to invest a significant amount into Alibaba's financial technology company,

Ant Financial. This business is driving the digital provision of a wide range of financial services in China, but it has the potential to become a global, financial services platform business. It is hardly an undiscovered gem but few can actually gain access to invest.

Of course some of these companies will encounter challenges. Digital survey and data analytics company, SurveyMonkey, struggled following the tragic sudden death of its Chief Executive, Dave Goldberg. The Managers gave the company time and patient support. It has found its way forward and is now a public company. Two companies that have so far been more disappointing in terms of their returns, are HelloFresh (delivered meal kits) and Home24 (online furniture retail).

To date, there have been very few of the private companies where the Managers have sold the position and these have all been the result of takeovers. The return of 40% in one year (2015-2016) for Skyscanner, due to its takeover by Ctrip, might have seemed respectable in isolation, but was in fact disappointing as it capped the investment's upside. The same can be said of the investments in Chewy and Flatiron.

The Board and Managers are keen to set realistic expectations for Scottish Mortgage's own shareholders. Overall the Managers would suggest that, if anything, the results from investing in such companies so far for Scottish Mortgage have been unduly good. Just as with the publicly listed holdings, some will not work and a number may fail outright. Only a handful will really drive the returns.

It is hard to predict exactly where the level of the unlisted holdings might be in future, given that the number of new investments, IPOs, takeovers and public market returns all play a part, but it is anticipated that private companies will remain an important part of the portfolio. The Managers and Board continue to believe that the range of benefits from Scottish Mortgage's ability to invest in these businesses while they are still private companies will continue to be a key differentiating factor in creating value for shareholders over the years to come.

Outlook

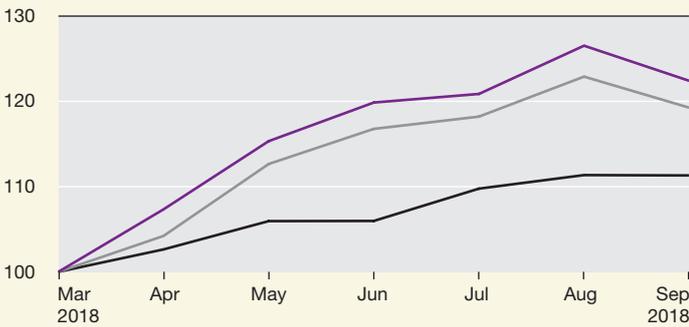
The Managers believe in the benefits of listening to and learning from those who are cleverer than they are. Jack Ma, in his last letter to shareholders as Chairman of Alibaba, made the following observations: "Recently, the global economy has found itself in a state of turmoil. Uncertainties abound in trade relations, consumer trends, stock markets and the manufacturing industry. US-China trade tensions create increased risk of instability...our past experience tells us there are huge opportunities behind the anxiety and friction. The only question is how we should pivot. Monumental challenges give rise to monumental opportunities...". The Managers agree. In the long run, only businesses which retain this flexibility to change direction, thrive.

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

Performance

Six Months Performance

(plotted on a monthly basis and rebased to 100 at 31 March 2018)



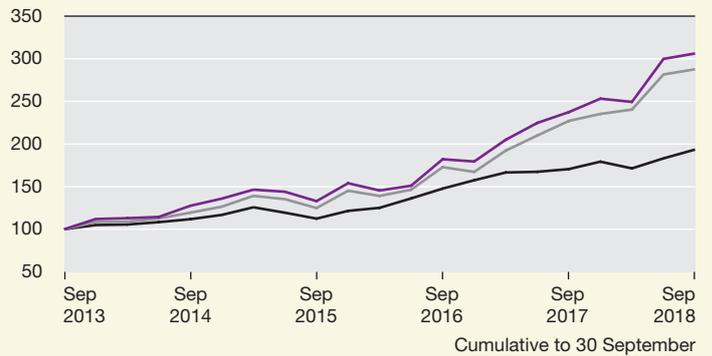
Source: Refinitiv/Baillie Gifford and relevant underlying index providers#.

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

Dividends are not reinvested.

Five Year Total Return Performance†

(figures rebased to 100 at 30 September 2013)



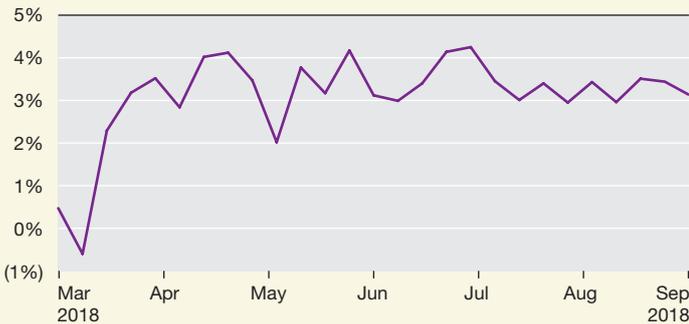
Source: Refinitiv and relevant underlying index providers#.

- Share price total return
- NAV (fair) total return
- Benchmark* total return

* Benchmark: FTSE All-World Index (in sterling terms).

Premium/(Discount) to Net Asset Value†

(plotted on a weekly basis)



Source: Baillie Gifford.

- Scottish Mortgage premium/(discount) (after deducting borrowings at fair value)†

Ten Year Total Return Performance†

(figures rebased to 100 at 30 September 2008)



Source: Refinitiv and relevant underlying index providers#.

- Share price total return
- NAV (fair) total return
- Benchmark* total return

* Benchmark: FTSE All-World Index (in sterling terms).

† See Glossary of Terms on page 21.

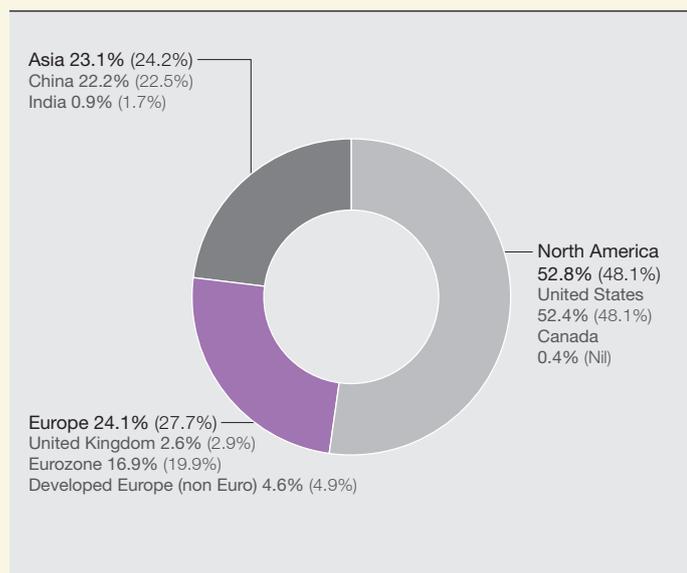
See disclaimer on page 20.

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Distribution of Total Assets*

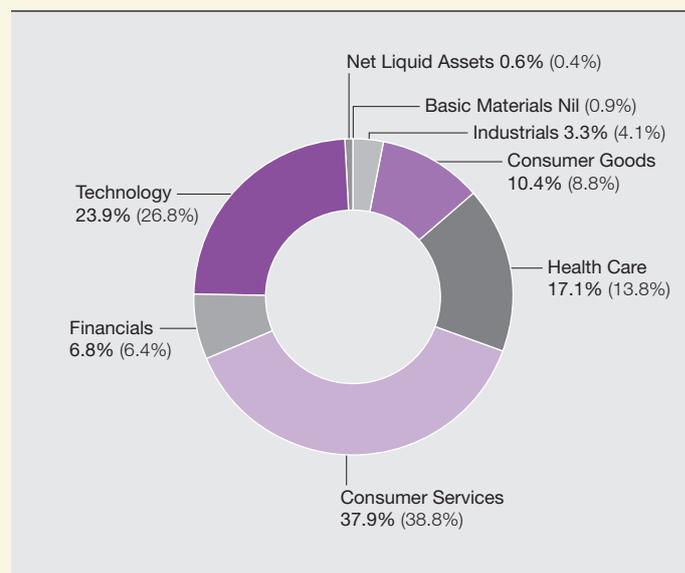
Geographical Analysis at 30 September 2018

(31 March 2018)



Sectoral Analysis at 30 September 2018

(31 March 2018)



	Listed equities %	Unlisted equities %	Net liquid assets %	Total %
30 September 2018	84.4	15.0	0.6	100.0
31 March 2018	84.6	15.0	0.4	100.0

* Total assets before deduction of debentures, long and short term borrowings. See Glossary of Terms on page 21.

Holding Period of Investments as at 30 September 2018

More Than 5 Years

Name		% of total assets
Amazon.com	10	10.5
Illumina		8.7
Alibaba Group	Ⓟ	5.7
Tencent	10	5.7
Tesla Inc		4.6
Baidu	10	3.5
Kering	10	3.3
Ferrari		3.0
ASML		2.8
Inditex		2.2
Alphabet	10	1.9
Intuitive Surgical		1.6
Ctrip.com		1.4
Workday		1.4
Facebook		1.2
Housing Development Finance Corporation	10	0.9
Atlas Copco	10	0.9
Renishaw		0.8
Dropbox	Ⓟ	0.5
Innovation Works Development Fund	Ⓟ	0.3
WI Harper Fund VII	Ⓟ	0.1
Level E Maya Fund		0.1
Total		61.1

2–5 Years

Name		% of total assets
Netflix		3.2
Spotify Technology	Ⓟ	2.5
NVIDIA		2.2
Zalando		1.4
Bluebird Bio Inc		1.4
Kinnevik		1.2
Meituan Dianping	Ⓟ	1.0
TransferWise	Ⓟ	0.8
Rocket Internet		0.8
Tableau		0.7
Denali Therapeutics	Ⓟ	0.6
Funding Circle	Ⓟ	0.6
HelloFresh	Ⓟ	0.5
Ginkgo Bioworks	Ⓟ	0.5
You & Mr Jones	Ⓟ	0.5
Essence Healthcare	Ⓟ	0.4
JAND Inc (Warby Parker)	Ⓟ	0.4
Thumbtack	Ⓟ	0.3
Palantir Technologies	Ⓟ	0.3
Home24	Ⓟ	0.3
CureVac	Ⓟ	0.3
Airbnb	Ⓟ	0.3
Alnylam Pharmaceuticals		0.3
SurveyMonkey	Ⓟ	0.3
Anaplan	Ⓟ	0.2
ZocDoc	Ⓟ	0.2
Udacity	Ⓟ	0.1
Sinovation Fund III	Ⓟ	0.1
Intarcia Therapeutics	Ⓟ	0.1
WI Harper Fund VIII	Ⓟ	0.1
ARCH Ventures Fund IX	Ⓟ	0.1
Total		21.7

Less Than 2 Years

Name		% of total assets
Ant International	Ⓟ	2.3
Delivery Hero		2.0
NIO Inc	Ⓟ	1.4
Indigo Agriculture	Ⓟ	1.0
Grail	Ⓟ	0.8
Uptake	Ⓟ	0.8
Rubius Therapeutics	Ⓟ	0.8
Eventbrite	Ⓟ	0.6
Tanium	Ⓟ	0.6
Lyft	Ⓟ	0.5
Pinduoduo		0.5
Grubhub		0.5
HeartFlow	Ⓟ	0.5
Unity Biotechnology	Ⓟ	0.5
Shopify		0.4
Orchard Therapeutics	Ⓟ	0.4
The Production Board	Ⓟ	0.4
Tempus Labs Inc	Ⓟ	0.4
Carbon	Ⓟ	0.4
Bolt Threads	Ⓟ	0.3
Clover Health	Ⓟ	0.3
Full Truck Alliance	Ⓟ	0.3
Auto1	Ⓟ	0.3
KSQ Therapeutics	Ⓟ	0.2
Zipline	Ⓟ	0.2
Slack Technologies	Ⓟ	0.1
Vir Biotechnology	Ⓟ	0.1
Total		16.6

Ⓟ Denotes unlisted security.

Ⓟ Denotes listed security previously held in the portfolio as an unlisted security.

10 Denotes security held for more than 10 years.

Net liquid assets represent 0.6% of total assets. See Glossary of Terms on page 21.

List of Investments

At 30 September 2018

Name	Business	Fair value 30 September 2018 £'000	% of total assets	Contribution to absolute performance* %	Notes †	Fair value 31 March 2018 £'000
Amazon.com	Online retailing and cloud computing	875,121	10.5	4.6		661,339
Illumina	Biotechnology equipment	723,576	8.7	4.2		433,312
Alibaba Group®	Online retail	480,386	5.7	–		497,643
Tencent Holdings	Internet services	477,671	5.7	(1.1)		500,986
Tesla Inc	Electric cars, autonomous driving and solar energy	384,128	4.6	0.6		324,503
Baidu	Online search engine	292,362	3.5	0.6		265,268
Kering	Luxury goods producer and retailer	279,579	3.3	1.4		231,740
Netflix	Subscription service for TV shows and movies	266,561	3.2	1.2		195,159
Ferrari	Luxury automobiles	253,532	3.0	0.8		195,552
ASML	Lithography	231,884	2.8	0.1		207,437
Spotify Technology SA®	Online music streaming service	210,302	2.5	0.9	Significant addition following IPO	62,505
Ant International Limited Class C Ord.®	Online financial services platform	191,710	2.3	0.1	New purchase	–
NVIDIA	Visual computing	186,602	2.2	0.6		143,346
Inditex	Global clothing retailer	184,167	2.2	0.3	Significant reduction	239,840
Delivery Hero	Online food delivery service	166,141	2.0	–	Significant addition	67,124
Alphabet	Holding company for Google and associated ventures	160,375	1.9	0.5		128,777
Intuitive Surgical	Surgical robots	133,778	1.6	0.7		89,464
NIO Inc®	Designs and manufactures electric and autonomous vehicles	120,208	1.4	0.2	Significant addition following IPO	17,822
Ctrip.com	Travel agent	117,526	1.4	(0.3)		137,095
Zalando	International clothing retailer	116,531	1.4	(0.5)		151,205
Workday	Enterprise information technology	115,196	1.4	0.3		93,244
Bluebird Bio Inc	Provider of biotechnological products and services	114,615	1.4	(0.1)		124,535
Facebook	Social networking site	104,275	1.2	0.2	Significant reduction	130,886
Kinnevik	Investment company	98,877	1.2	–		108,283
Meituan Dianping®	Local services aggregator	87,720	1.0	0.3	Significant addition following IPO	26,774
Indigo Agriculture Inc Series D Pref.®	Analyses plant microbiomes to increase crop yields	59,944	0.7	0.5	Increase in fair valuation	24,950
Indigo Agriculture Inc Series E Pref.®	Analyses plant microbiomes to increase crop yields	23,005	0.3	<0.1	Participated in additional funding round	–
		82,949	1.0	0.5		24,950
Housing Development Finance Corporation	Indian mortgage provider	78,795	0.9	(0.1)		84,710
Atlas Copco	Engineering	77,274	0.9	–	Sold shares in Epiroc received following spin-off	106,975

* Contribution to absolute performance has been calculated on a total return basis over the period 1 April 2018 to 30 September 2018.

† Significant additions and reductions to investments have been noted where the change is at least a 20% movement from the value of the holding at 31 March 2018.

The change in value over the period also reflects the share price performance and the movement in exchange rates.

® Denotes unlisted security.

© Denotes listed security previously held in the portfolio as an unlisted security.

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Name	Business	Fair value 30 September 2018 £'000	% of total assets	Contribution to absolute performance* %	Notes †	Fair value 31 March 2018 £'000
Transferwise Ltd Series D Pref.®	Online money transfer	34,103	0.4	0.2		20,238
Transferwise Ltd Series Ord.®	Online money transfer	14,496	0.2	0.1		8,602
Transferwise Ltd Series A Pref.®	Online money transfer	7,931	0.1	<0.1		4,707
Transferwise Ltd Series B Pref.®	Online money transfer	7,214	0.1	<0.1		4,281
Transferwise Ltd Series E Pref.®	Online money transfer	4,125	<0.1	<0.1		2,448
Transferwise Ltd Series Seed Pref.®	Online money transfer	1,930	<0.1	<0.1		1,145
Transferwise Ltd Series C Pref.®	Online money transfer	303	<0.1	<0.1		180
		70,102	0.8	0.4	Increase in fair valuation	41,601
Renishaw	Electronic equipment	68,635	0.8	0.1		65,218
Grail Inc Series B Pref.®	Clinical stage biotechnology company	68,166	0.8	0.2	Increase in fair valuation	53,485
Rocket Internet	Internet start-up factory	67,389	0.8	0.1		61,456
Uptake Technologies Inc Series D Pref.®	Designs and develops enterprise software	67,025	0.8	0.1		60,814
Rubius Therapeutics Inc®	Biotechnology	62,889	0.8	0.4	Addition following IPO	28,863
Tableau Software	Analytics software	58,905	0.7	0.3	Significant addition	33,609
Denali Therapeutics®	Biotechnology	48,487	0.6	0.1		40,800
Funding Circle®	Facilitates loans to small and medium enterprises	47,522	0.6	0.1	Significant addition following IPO	25,218
Eventbrite Inc®	Online ticketing service	47,498	0.6	0.4	Increase in fair valuation	17,822
Tanium Inc Class B Common®	Security and systems management solutions	46,777	0.6	–	New purchase	–
Lyft Inc Series G Pref.®	Ridesharing services	33,882	0.4	0.1		26,441
Lyft Inc Series H Pref.®	Ridesharing services	11,876	0.1	<0.1		9,267
		45,758	0.5	0.1	Increase in fair valuation	35,708
HelloFresh®	Grocery retailer	45,494	0.5	(0.1)	Significant addition	44,416
Ginkgo Bioworks Inc Series C Pref.®	Bio-engineering company	22,371	0.2	–		21,444
Ginkgo Bioworks Inc Series D Pref.®	Bio-engineering company	23,005	0.3	–		20,853
		45,376	0.5	–		42,297
Dropbox®	Online storage	44,974	0.5	(0.1)		49,008
You & Mr Jones Class A Units®	Digital advertising	43,710	0.5	0.1	Increase in fair valuation	34,538
Pinduoduo Inc	Chinese e-commerce	41,873	0.5	0.1	New purchase	–
Grubhub	Online food services	41,478	0.5	0.1	New purchase	–
HeartFlow Inc Series E Pref.®	Develops software for cardiovascular disease diagnosis and treatment	40,035	0.5	–		37,423

* Contribution to absolute performance has been calculated on a total return basis over the period 1 April 2018 to 30 September 2018.

† Significant additions and reductions to investments have been noted where the change is at least a 20% movement from the value of the holding at 31 March 2018. The change in value over the period also reflects the share price performance and the movement in exchange rates.

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Name	Business	Fair value 30 September 2018 £'000	% of total assets	Contribution to absolute performance* %	Notes †	Fair value 31 March 2018 £'000
Unity Biotechnology®	Clinical stage biotechnology company	40,024	0.5	–	Significant addition following IPO	25,836
Essence Healthcare Series 3 Pref.®	Cloud-based health provider	37,741	0.4	–	Increase in fair valuation	27,837
JAND Inc (Warby Parker) Series D Pref.®	Online and physical glasses retailer	18,296	0.2	–		16,844
JAND Inc (Warby Parker) Series A Common®	Online and physical glasses retailer	11,798	0.1	–		10,862
JAND Inc (Warby Parker) Series E Pref.®	Online and physical glasses retailer	4,447	0.1	–		4,094
		34,541	0.4	–		31,800
Shopify	Cloud-based commerce platform	32,874	0.4	–	New purchase	–
Orchard Therapeutics Series B Pref.®	Gene therapy for rare diseases	26,592	0.3	0.1	Increase in fair valuation	16,076
Orchard Therapeutics Series C Pref.®	Gene therapy for rare diseases	5,791	0.1	<0.1	Participated in additional funding round	–
		32,383	0.4	0.1		16,076
The Production Board Series A-2 Pref.®	Holding company for food technology companies	30,674	0.4	–	New purchase	–
Tempus Labs Inc Series E Pref.®	Molecular diagnostics tests for cancer and aggregates clinical oncology records	30,674	0.4	–	New purchase	–
Carbon Inc Series D Pref.®	Manufactures and develops 3D printers	30,278	0.4	–		28,514
Bolt Threads Inc Series D Pref.®	Natural silk fibres and fabrics manufacturer	27,125	0.3	–		24,950
Clover Health Investments Series D Pref.®	Healthcare insurance provider	25,390	0.3	0.1	Increase in fair valuation	20,714
Thumbtack Inc Series G Pref.®	Online directory service for local businesses	25,006	0.3	–		24,963
Palantir Technologies Inc Series J Pref.®	Data integration software and service provider	24,843	0.3	–		22,573
Home24 AG®	Online furniture retailer	24,678	0.3	–		29,936
CureVac AG Series B Pref.®	Biotechnology	24,500	0.3	–	Increase in fair valuation	21,918
Airbnb Inc Series E Pref.®	Online market place for travel accommodation	23,233	0.3	–		20,750
Full Truck Alliance Ltd Series A-15 Pref.®	Freight-truck matching platform	23,005	0.3	–	New purchase	–
Innovation Works Development Fund®	Venture capital	22,253	0.3	0.1	Return of capital and increase in fair valuation	19,784
Auto1 Group GmbH Series E Pref.®	Online retailer of used cars	22,235	0.3	–		21,918
Alnylam Pharmaceuticals	Biotechnology	21,944	0.3	(0.1)		27,763
SurveyMonkey®	Online surveys	21,714	0.3	0.1	Significant addition following IPO	10,920

* Contribution to absolute performance has been calculated on a total return basis over the period 1 April 2018 to 30 September 2018.

† Significant additions and reductions to investments have been noted where the change is at least a 20% movement from the value of the holding at 31 March 2018. The change in value over the period also reflects the share price performance and the movement in exchange rates.

® Denotes unlisted security.

® Denotes listed security previously held in the portfolio as an unlisted security.

Past performance is not a guide to future performance.

Name	Business	Fair value 30 September 2018 £'000	% of total assets	Contribution to absolute performance* %	Notes †	Fair value 31 March 2018 £'000
Anaplan Inc Series E Pref.®	Enterprise planning software	15,331	0.2	0.1		11,647
Anaplan Inc Series F Pref.®	Enterprise planning software	3,988	<0.1	<0.1		3,030
		19,319	0.2	0.1	Increase in fair valuation	14,677
KSQ Therapeutics Inc Series C Pref.®	Biotechnology company	19,171	0.2	–	New purchase	–
ZocDoc Inc Series D-2 Pref.®	Online platform for searching for doctors and booking appointments	18,976	0.2	–		16,900
Zipline International Inc Series C Pref.®	Logistics company that designs, manufactures, and operates drones to deliver medical supplies	14,160	0.2	–	New purchase	–
Udacity Inc Series D Pref.®	Online education	9,842	0.1	–	Decrease in fair valuation	10,155
WI Harper Fund VII®	Venture capital	9,371	0.1	–	Increase in fair valuation	7,806
Sinovation Fund III®	Venture capital	8,682	0.1	–	Additional investment and increase in fair valuation	5,320
Slack Technologies Inc Series H Pref.®	Enterprise messaging platform	8,435	0.1	–	New purchase	–
Vir Biotechnology Inc Series A Pref.®	Biotechnology company developing anti-infective therapies	7,898	0.1	–		7,200
Intarcia Therapeutics Inc Series EE Pref.®	Biotechnology	7,608	0.1	(0.1)	Decrease in fair valuation	16,705
WI Harper Fund VIII®	Venture capital	5,931	0.1	–	Additional investment	5,171
Level E Maya Fund	Artificial intelligence based algorithmic trading	5,220	0.1	–		5,174
ARCH Ventures Fund IX®	Venture Capital fund to invest in biotech start-ups	5,085	0.1	–	Significant addition and increase in fair valuation	2,575
Total Investments		8,308,747	99.4			
Net Liquid Assets		46,983	0.6			
Total Assets		8,355,730	100.0			

* Contribution to absolute performance has been calculated on a total return basis over the period 1 April 2018 to 30 September 2018.

† Significant additions and reductions to investments have been noted where the change is at least a 20% movement from the value of the holding at 31 March 2018. The change in value over the period also reflects the share price performance and the movement in exchange rates.

See Glossary of Terms on page 21.

® Denotes unlisted security.

® Denotes listed security previously held in the portfolio as an unlisted security.

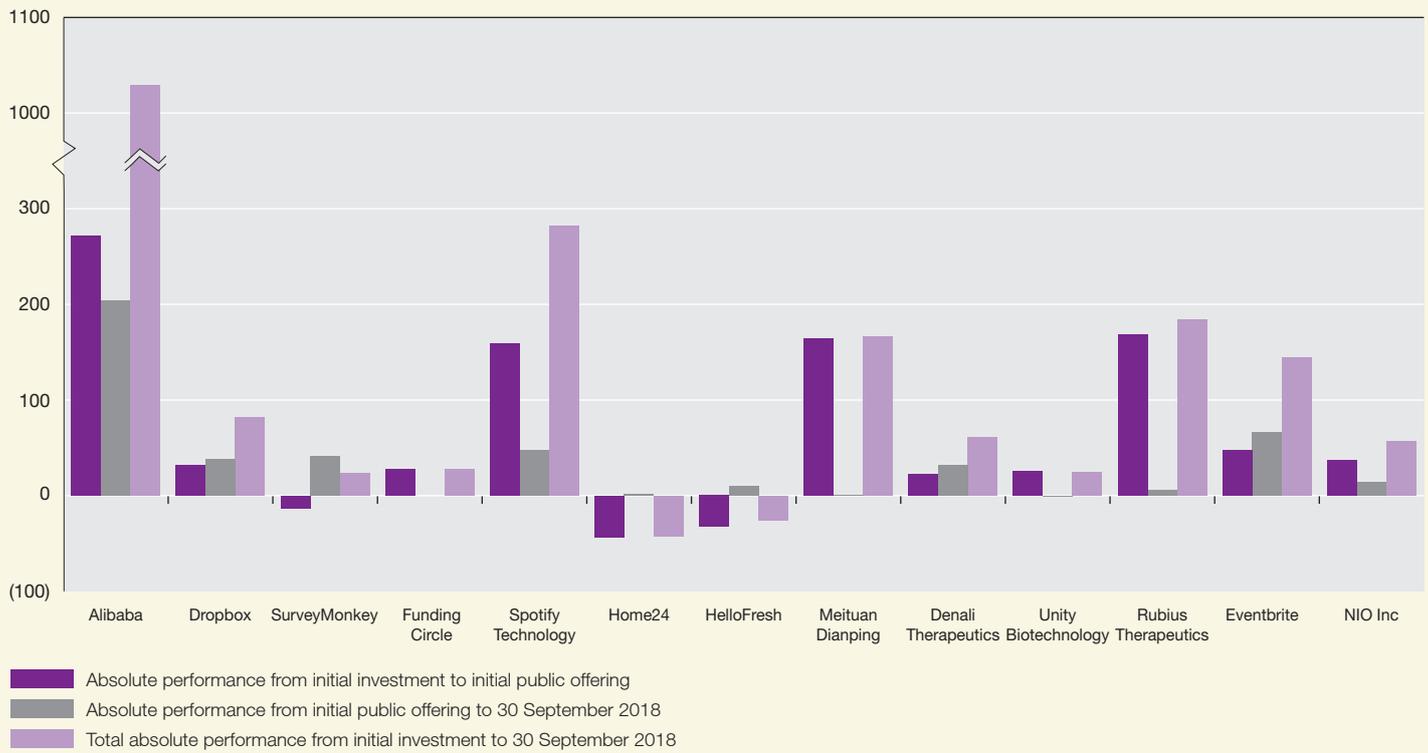
The following investments were sold during the period: BASF, Marketaxess Holdings, Prudential, Rolls-Royce Group, Svenska Handelsbanken and Underarmour. The following investments were taken over during the period: Flatiron Health, Flipkart and Mobike.

Source: Baillie Gifford/StatPro.

Performance of Listed Holdings Held Previously as Unlisted Investments

From date of initial investment of each holding to 30 September 2018

(Absolute performance in sterling terms %)



Note: Absolute performance returns cannot be added together as they are geometric. Source: StatPro/Baillie Gifford.

Income Statement (unaudited)

For the six months ended 30 September

	Notes	2018 Revenue £'000	2018 Capital* £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
Gains on sales of investments		–	243,621	243,621	–	130,477	130,477
Changes in investment holding gains and losses		–	976,343	976,343	–	729,073	729,073
Currency (losses)/gains		–	(12,186)	(12,186)	–	11,714	11,714
Income from investments and interest receivable		22,481	–	22,481	19,199	–	19,199
Investment management fee	3	–	(11,270)	(11,270)	(2,172)	(6,516)	(8,688)
Other administrative expenses		(2,080)	–	(2,080)	(1,583)	–	(1,583)
Net return before finance costs and taxation		20,401	1,196,508	1,216,909	15,444	864,748	880,192
Finance costs of borrowings		–	(14,259)	(14,259)	(2,714)	(8,141)	(10,855)
Net return on ordinary activities before taxation		20,401	1,182,249	1,202,650	12,730	856,607	869,337
Tax on ordinary activities		(1,194)	–	(1,194)	(1,356)	–	(1,356)
Net return on ordinary activities after taxation		19,207	1,182,249	1,201,456	11,374	856,607	867,981
Net return per ordinary share	4	1.35p	83.03p	84.38p	0.82p	61.84p	62.66p
Dividends proposed per ordinary share	5	1.39p			1.39p		

*From 1 April 2018, the investment management fee and finance costs are charged 100% to capital (previously 25% to revenue and 75% to capital).

The accompanying notes on pages 16 to 18 are an integral part of the Financial Statements.

The total column of this statement is the profit and loss account of the Company. The supplementary revenue and capital return columns are prepared under guidance published by the Association of Investment Companies.

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

A Statement of Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above statement.

Balance Sheet (unaudited)

	Notes	At 30 September 2018 £'000	At 31 March 2018 (audited) £'000
Fixed assets			
Investments held at fair value through profit or loss	6	8,308,747	6,646,015
Current assets			
Debtors		8,376	2,764
Cash and cash equivalents		68,801	34,974
		77,177	37,738
Creditors			
Amounts falling due within one year:			
Bank loans	7	(279,897)	(231,679)
Other creditors		(30,194)	(10,282)
		(310,091)	(241,961)
Net current liabilities			
		(232,914)	(204,223)
Total assets less current liabilities			
		8,075,833	6,441,792
Creditors			
Amounts falling due after more than one year:			
Loan notes	7	(274,517)	(104,743)
Debenture stocks		(149,058)	(149,293)
		(423,575)	(254,036)
		7,652,258	6,187,756
Capital and reserves			
Share capital		72,502	71,086
Share premium account		595,702	352,375
Capital redemption reserve		19,094	19,094
Capital reserve		6,945,753	5,741,352
Revenue reserve		19,207	3,849
Shareholders' funds			
		7,652,258	6,187,756
Net asset value per ordinary share			
(after deducting borrowings at book)*		527.7p	443.5p
Ordinary shares in issue			
	9	1,450,055,880	1,395,363,209

* See Glossary of Terms on page 21.

The accompanying notes on pages 16 to 18 are an integral part of the Financial Statements.

Statement of Changes in Equity (unaudited)

For the six months ended 30 September 2018

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 April 2018		71,086	352,375	19,094	5,741,352	3,849	6,187,756
Net return on ordinary activities after taxation		–	–	–	1,182,249	19,207	1,201,456
Shares sold from treasury	9	–	91,044	–	42,069	–	133,113
Shares issued	9	1,416	152,283	–	–	–	153,699
Dividends paid during the period	5	–	–	–	(19,917)	(3,849)	(23,766)
Shareholders' funds at 30 September 2018		72,502	595,702	19,094	6,945,753	19,207	7,652,258

For the six months ended 30 September 2017

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 April 2017		71,086	216,808	19,094	4,537,789	28,814	4,873,591
Net return on ordinary activities after taxation		–	–	–	856,607	11,374	867,981
Shares sold from treasury		–	98,487	–	54,609	–	153,096
Dividends paid during the period	5	–	–	–	–	(22,264)	(22,264)
Shareholders' funds at 30 September 2017		71,086	315,295	19,094	5,449,005	17,924	5,872,404

* The Capital Reserve balance at 30 September 2018 includes investment holding gains on fixed asset investments of £4,368,413,000 (30 September 2017 – gains of £3,376,894,000).

The accompanying notes on pages 16 to 18 are an integral part of the Financial Statements.

Cash Flow Statement (unaudited)

For the six months ended 30 September

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Net return on ordinary activities before taxation		1,202,650	869,337
Gains on investments		(1,219,964)	(859,550)
Currency losses/(gains)		12,186	(11,714)
Finance costs of borrowings		14,259	10,855
Overseas withholding tax refunded		1,665	–
Overseas withholding tax incurred		(1,194)	(1,454)
Changes in debtors and creditors		763	3,443
Cash from operations		10,365	10,917
Interest paid		(12,437)	(9,732)
Net cash (outflow)/inflow from operating activities		(2,072)	1,185
Net cash outflow from investing activities			
Equity dividends paid	5	(23,766)	(22,264)
Stamp duty paid on shares bought back		(67)	–
Shares sold from treasury		133,113	158,225
Shares issued		150,995	–
Bank loans repaid		(28,221)	(132,775)
Bank loans drawn down and loan notes issued	7	226,207	136,921
Net cash inflow from financing activities		458,261	140,107
Increase/(decrease) in cash and cash equivalents		26,016	(2,857)
Exchange movements		7,811	(5,325)
Cash and cash equivalents at start of period		34,974	76,643
Cash and cash equivalents at end of period*		68,801	68,461

* Cash and cash equivalents represent cash at bank and short term money market deposits repayable on demand. The accompanying notes on pages 16 to 18 are an integral part of the Financial Statements.

Notes to the Financial Statements (unaudited)

- 1 The condensed Financial Statements for the six months to 30 September 2018 comprise the statements set out on pages 12 to 15 together with the related notes on pages 16 to 18. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the AIC's Statement of Recommended Practice issued in November 2014 and updated in February 2018 with consequential amendments. They have not been audited or reviewed by the Auditor pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information'. The Financial Statements for the six months to 30 September 2018 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 2018. From 1 April 2018, the investment management fee and finance costs are charged 100% to capital (previously they were charged 25% to revenue and 75% to capital).

Going Concern

The Directors have considered the nature of the Company's assets, its liabilities, projected income and expenditure together with its investment objective and policy, dividend policy and principal risks and uncertainties, as set out on the inside front cover. The Company's assets, the majority of which are in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. Accordingly, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements and confirm that they are not aware of any material uncertainties which may affect the Company's ability to continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements.

- 2 The financial information contained within this Interim Financial Report does not constitute statutory accounts as defined in sections 435 of the Companies Act 2006. The financial information for the year ended 31 March 2018 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditor's Report on those accounts was unqualified and did not contain statements under sections 498 (2) or (3) of the Companies Act 2006. The Auditor's Report on those accounts did contain a statement of an emphasis of matter which related to the approval of revised accounts by the Directors on 22 May 2018 in replacement of those originally approved accounts by the Directors on 11 May 2018.
- 3 Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed by the Company as its Alternative Investment Fund Manager (AIFM) and Company Secretary. The investment management function has been delegated to Baillie Gifford & Co. The management agreement can be terminated on six months' notice. The annual management fee is 0.30% on the first £4 billion of total assets less current liabilities (excluding short term borrowings for investment purposes) and 0.25% thereafter, calculated and payable quarterly.

4 Net Return per Ordinary Share

	Six months to 30 September 2018 £'000	Six months to 30 September 2017 £'000
Revenue return on ordinary activities after taxation	19,207	11,374
Capital return on ordinary activities after taxation	1,182,249	856,607
Total net return	1,201,456	867,981
Weighted average number of ordinary shares in issue	1,423,915,955	1,385,138,611

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.

5 Dividends

	Six months to 30 September 2018 £'000	Six months to 30 September 2017 £'000
Amounts recognised as distributions in the period:		
Previous year's final dividend of 1.68p (2017 – 1.61p), paid 2 July 2018	23,766	22,264
	23,766	22,264
Dividends proposed in the period:		
Interim dividend for the year ending 31 March 2019 of 1.39p (2018 – 1.39p)	20,156	19,402
	20,156	19,402

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 30 November 2018 to shareholders on the register at the close of business on 16 November 2018. The ex-dividend date is 15 November 2018. The Company's Registrars offer a Dividend Reinvestment Plan and the final date for elections for this dividend is 19 November 2018.

6 Fair Value

The fair value hierarchy used to analyse the basis on which the fair values of financial instruments held at fair value through the profit and loss account are measured is described below. Fair value measurements are categorised on the basis of the lowest level input that is significant to the fair value measurement.

Level 1 – using unadjusted quoted prices for identical instruments in an active market;

Level 2 – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

Level 3 – using inputs that are unobservable (for which market data is unavailable).

The Company's investments are financial assets designated at fair value through profit or loss. An analysis of the Company's financial asset investments based on the fair value hierarchy described above is shown below.

Investments held at fair value through profit or loss

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
As at 30 September 2018				
Equities/funds	7,053,559	5,220	–	7,058,779
Unlisted ordinary shares	–	–	359,814	359,814
Unlisted preference shares	–	–	890,154	890,154
Total financial asset investments	7,053,559	5,220	1,249,968	8,308,747
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
As at 31 March 2018 (audited)				
Equities/funds	5,604,854	37,666	–	5,642,520
Unlisted ordinary shares	–	–	168,083	168,083
Unlisted preference shares	–	–	835,412	835,412
Total financial asset investments	5,604,854	37,666	1,003,495	6,646,015

During the period investments with a book cost of £227,051,000 were transferred from Level 3 to Level 2 on becoming listed and investments with a book cost of £16,292,000 were transferred from Level 2 to Level 1 following conversion to a different share class. The fair value of listed investments is bid value or, in the case of holdings on certain recognised overseas exchanges, last traded price. Listed Investments are categorised as Level 1 if they are valued using unadjusted quoted prices for identical instruments in an active market and as Level 2 if they do not meet all these criteria but are, nonetheless, valued using market data.

Unlisted Investments

The Company's holdings in unlisted investments are categorised as Level 3. Unlisted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Managers. The Managers' unlisted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). These methodologies can be categorised as follows:

- Market Approach (a. Price of Recent Investment; b. Multiples; c. Industry Valuation Benchmarks; and d. Available Market Prices);
- Income Approach (Discounted Cash Flows); and
- Replacement Cost Approach (Net Assets).

The nature of the unlisted portfolio currently will influence the valuation methodology applied. The price of a recent investment or available market prices for secondary transactions may be the most appropriate approach for investments in young, rapidly growing companies using technology to create new, or disrupt existing, business models. The policy, however, recognises that the robustness of a transaction based valuation will erode as the length of time from the relevant transaction increases. Additionally, the background to the transaction must be considered. In these cases, alternative techniques consistent with IPEV guidelines will be employed. Methodologies using multiples or discounted cash flows are utilised where appropriate, particularly in those companies with established earnings. An absence of relevant industry peers may preclude the application of the Industry Valuation Benchmarks method.

The unlisted investments are valued according to a three monthly cycle of measurement dates. The fair value of the unlisted investments will be reviewed before the next scheduled three monthly measurement date on the following occasions:

- At the year end and half year end of Scottish Mortgage; and
- Where there is an indication of a change in fair value as defined in the IPEV guidelines (commonly referred to as 'trigger' events).

7 The total value of the borrowings (at book) is £703,472,000 (31 March 2018 – £485,715,000).

The bank loans falling due within one year are a US\$200 million revolving 2 year loan with National Australia Bank Limited ('NAB'), a US\$80 million revolving 3 year loan with The Royal Bank of Scotland plc ('RBS') and a US\$85 million revolving 2 year loan with RBS (31 March 2018 – US\$200 million revolving 2 year loan with NAB, a US\$40 million revolving 1 year loan with RBS and a US\$85 million revolving 2 year loan with RBS).

There are no bank loans falling due in more than one year (31 March 2018 – none).

During the period the Company issued the following private placement unsecured loan notes:

- £30 million at a coupon of 2.91% maturing on 4 June 2038
- £50 million at a coupon of 2.94% maturing on 4 June 2041
- £90 million at a coupon of 2.96% maturing on 4 June 2048

Additionally, the US\$40 million 1 year revolving loan with RBS was replaced with a US\$80 million revolving 3 year loan with RBS.

8 The fair value of the borrowings at 30 September 2018 was £744,427,000 (31 March 2018 – £535,814,000).

9 Share Capital: Ordinary Shares of 5p Each

	At 30 September 2018	At 31 March 2018 (audited)
	No. of shares	No. of shares
Allotted, called up and fully paid	1,450,055,880	1,395,363,209
Treasury shares	–	26,367,671
	1,450,055,880	1,421,730,880

In the six months to 30 September 2018, the Company sold 26,367,671 ordinary shares from treasury at a premium to net asset value raising net proceeds of £133,113,000 (year to 31 March 2018 – 50,800,000 shares sold from treasury raising net proceeds of £207,559,000) and issued 28,325,000 ordinary shares at a premium to net asset value raising proceeds of £153,699,000 (year to 31 March 2018 – nil). At 30 September 2018 the Company had authority to issue or sell from treasury a further 114,441,320 ordinary shares.

In the six months to 30 September 2018 no ordinary shares were bought back (year to 31 March 2018 a total of 14,006,276 ordinary shares were bought back into treasury at a total cost of £62,951,000). At 30 September 2018 the Company had authority remaining to buy back 210,484,065 ordinary shares.

10 Transaction costs on acquisitions within the portfolio amounted to £517,000 (30 September 2017 – £250,000) and transaction costs on sales amounted to £246,000 (30 September 2017 – £189,000). These costs are included in the book cost of acquisitions and in the net proceeds of disposals.

11 Related Party Transactions

There have been no transactions with related parties during the first six months of the current financial year that have materially affected the financial position or the performance of the Company during that period and there have been no changes in the related party transactions described in the last Annual Report and Financial Statements that could have had such an effect on the Company during that period.

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. 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;
- set up a direct debit to make regular investments, 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 ('BGSM').

BGSM is the ISA Manager and the Manager of the Baillie Gifford Investment Trust Share Plan and Children's Savings Plan. BGSM 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.

Dividend Reinvestment Plan

Computershare operate a Dividend Reinvestment Plan which can be used to buy additional shares instead of receiving your dividend via cheque or into your bank account. For further information log in to www.investorcentre.co.uk and follow the instructions or telephone 0870 707 1694.

Risk Warnings

- Past performance is not a guide to future performance.
- Scottish Mortgage is a listed UK company. 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's risk could be increased by its investment in unlisted investments. These assets may be more difficult to buy or sell, so changes in their prices may be greater.
- 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' or 'leverage'). 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 invested 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 own 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 the Company might receive upon their sale.
- Scottish Mortgage can make use of derivatives which may impact on its performance. Currently the Company does not make use of derivatives.
- Scottish Mortgage charges 100% of the investment management fee and 100% of borrowing costs to capital which reduces the capital value.
- You should note that tax rates and reliefs may change at any time and their value depends on your circumstances.
- The favourable tax treatment of ISAs may change.

The Company is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority.

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.

Further details of the risks associated with investing in the Company, including how charges are applied, can be found at www.scottishmortgageit.com, or by calling Baillie Gifford on 0800 917 2112.

The information and opinions expressed within this Interim Financial Report are subject to change without notice. The information on this page has been issued and approved by Baillie Gifford & Co Limited, the Managers and Secretaries, and does not in any way constitute investment advice.

Automatic Exchange of Information

In order to fulfil its obligations under UK tax legislation relating to the automatic exchange of information, Scottish Mortgage Investment Trust PLC is required to collect and report certain information about certain shareholders.

The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. Accordingly, Scottish Mortgage Investment Trust PLC will have to provide information annually to the local tax authority on the tax residencies of a number of

non-UK based certificated shareholders and corporate entities. Shareholders, excluding those whose shares are held in CREST, who come on to the share register will be sent a certification form for the purposes of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders <https://www.gov.uk/government/publications/exchange-of-information-account-holders>.

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Glossary of Terms

Active Share

Active share, a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

Discount/Premium

As stockmarkets and share prices vary, an investment trust's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

Gearing

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same, but if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Potential gearing is the Company's borrowings expressed as a percentage of shareholders' funds.

Gearing represents borrowings less cash and cash equivalents (including any outstanding trade or foreign exchange settlements) expressed as a percentage of shareholders' funds.

Net Asset Value

Net Asset Value (NAV) is the value of all assets held less all liabilities (including liabilities in the form of borrowings). The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue and is stated on a cum-income basis.

Net Asset Value (Borrowings at Fair Value)

Borrowings are valued at an estimate of their market worth. The value of the borrowings on this basis is set out in note 8 on page 18.

Net Asset Value (Borrowings at Book)/Shareholders' Funds

Borrowings are valued at adjusted net issue proceeds. The value of the borrowings on this basis is set out in note 7 on page 18.

Net Liquid Assets

Net liquid assets comprise current assets less current liabilities (excluding borrowings).

Ongoing Charges Ratio

The total expenses (excluding borrowing costs) incurred by the Company as a percentage of the average net asset value (with debt at fair value).

Total Assets

The total value of all assets held less all liabilities (other than liabilities in the form of borrowings).

Total Return

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend.

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