

# SCOTTISH MORTGAGE INVESTMENT TRUST PLC

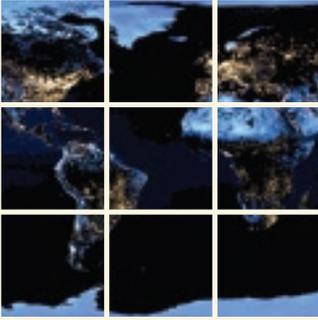
---

Your low cost choice  
for global investment



Interim Financial Report  
30 September 2019





Scottish Mortgage Investment Trust PLC is a low cost investment trust that aims to maximise total return over the long term from a high conviction, 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 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 2019 which is available on the Company's website: [www.scottishmortgageit.com](http://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  
7 November 2019

## Summary of Unaudited Results

	30 September 2019	31 March 2019 (audited)	% change
Total assets (before deduction of debentures, long and short term borrowings)*	£8,446.4m	£8,133.4m	
Shareholders' funds	£7,727.2m	£7,430.0m	
Net asset value per ordinary share (after deducting borrowings at fair value)†	515.1p	500.8p	2.9
Net asset value per ordinary share (after deducting borrowings at book)*	520.4p	504.0p	3.3
FTSE All-World Index (in sterling terms)			8.3
Share price	503.5p	512.0p	(1.7)
(Discount)/premium (after deducting borrowings at fair value)†	(2.3%)	2.2%	
Active share†	94%	94%	

	Six months to 30 Sept 2019	Six months to 30 Sept 2018	% change
Revenue earnings per share	1.10p	1.35p	(18.5)
Interim dividend per share#	1.39p	1.39p	–

	Six months to 30 Sept 2019	Six months to 30 Sept 2018
<b>Total returns (%)†</b>		
Net asset value per ordinary share (after deducting borrowings at fair value)†	3.2	19.8
Net asset value per ordinary share (after deducting borrowings at book)*	3.6	19.4
Share price	(1.3)	22.8
FTSE All-World Index (in sterling terms)	9.9	12.9

	Six months to 30 Sept 2019		Year to 31 March 2019	
<b>Period high and low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
Share price	568.5p	497.6p	568.3p	420.6p
Net asset value per ordinary share (after deducting borrowings at fair value)†	551.8p	479.2p	545.6p	420.5p
Premium/(discount) (after deducting borrowings at fair value)†	4.2%	(4.0%)	5.9%	(3.4%)
Average sector premium/(discount) (AIC Global Sector)	1.8%	(3.1%)	0.3%	(2.4%)

\* See Glossary of Terms and Alternative Performance Measures on pages 20 and 21.

† Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 20 and 21.

# See note 5, page 16.

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

Past performance is not a guide to future performance.

## Interim Management Report

We are determined long term growth investors. We continue to believe that the opportunities available today are compelling. We have not become pessimists. But none of this resolute optimism is to deny that there are and will always be periods of underperformance. We have endured such a period over the last six months. Since the end of March our net asset value per share, with debt at fair value ('NAV'), rose but only by 3.2% compared with 9.9% for the FTSE All-World Index (both in total return terms). As is often the case, this has been exacerbated by the shares falling to a discount from the premium that has been the case for most of our recent history. The longer term performance record remains good. Over five years the NAV has gained 137.5% versus 86.5% and over 10 years it has increased by 415.1% against 204.4% (both against the index).

Although shareholders are well-aware that our focus is on the generation of long term increases in capital values we, in turn, are aware that a small but consistent dividend is of value to many investors. The Board is therefore recommending an unchanged interim dividend of 1.39p. This is despite a 18.5% fall in earnings on this occasion.

### Portfolio

Whilst the short term oscillations of markets frequently contain little meaning and much noise, we always endeavour to winnow through events to discern if beneath emotions and market positioning there have been structural changes that we should reflect in our portfolio. The last six months have seen markets become so concerned at the current low levels of global economic growth and political harmony that the equities of preference have been those perceived to possess minimal sensitivity to the perils of stagnation. This is, though, no more our preoccupation than the equally common perception of twelve months ago that US economic growth was so formidable that interest rates would rise remorselessly.

But we must acknowledge underlying concerns where they exist. The most significant may be gathering evidence of cracks in the dominance of some of the internet platforms that we have invested in both heavily and successfully in the last decade. This suggests that their longevity may be more questionable than we thought. But there is an irony here. It's not in the US that these fissures have emerged despite market nerves provoked by regulatory and media scrutiny. Instead the issues have been in China. The threat to incumbents has come neither from regulators nor public discontent but from extraordinary dynamism. The major casualty has been Baidu (once a very significant holding) and the major disruptor has been Bytedance. That we own a holding in the unquoted Bytedance is some compensation.

The contrasting relative fortunes of Baidu and Bytedance are not isolated examples of a divergence between quoted and unquoted competitors. Contrary to the mood of the moment our experience has been that in both underlying progress and valuation, our

unquoted companies are generally outperforming their listed counterparts. It is common knowledge that there are high profile examples of unquoted or recently listed companies that have suffered serious problems but it seems to us that generalising from these distinctly colourful sagas is misguided. The flaws of their business models were not impossible to identify. Although we are wary of treating our unquoted assets as a separate portfolio our experience remains encouraging. In aggregate since our first unquoted investment on 2 June 2010 to 30 September 2019 the return of all the stocks that we initially owned in unquoted form (whether now listed or not) has been 445.3% versus 341.4% for Scottish Mortgage overall and 183.8% for the FTSE All-World. In specific developments, two still unquoted companies, Ginkgo Bioworks (synthetic biology) and You and Mr Jones (digital advertising) have enjoyed substantial business progress and consequent valuation increases whilst the now quoted Meituan and HelloFresh continue to reverse initial market scepticism in impressive fashion.

### Unquoted Philosophy and Commitment

This seems the appropriate moment to stress as strongly as we can that we believe that our ability and willingness to invest in unquoted companies at scale and globally as part of a portfolio offering high overall liquidity is critically important to both our future returns and to the unique proposition Scottish Mortgage can offer to individual shareholders. We are convinced that the long term risk taking, essential to economic and social progress, is continuing to migrate to private markets and at an accelerating pace. It's important that all our shareholders, from the smallest holders to the very largest, have access to such innovative enterprises and the enduring real value which they create. That we offer this whilst our ongoing charges have edged down once again (to 0.36% of average assets over the rolling twelve month period to the end of September) seems to us to be a worthwhile achievement that is not a common characteristic of the industry in general or managers of unquoted equities in particular. We have no intention of being deterred from this philosophy of investing or from driving charges lower.

### Outlook

We are emphatically optimistic about the aggregate and underlying progress of our companies and therefore our portfolio. We see no evidence that the dim global economic conditions or the unappealing international political environment are undermining the tectonic shifts and structural advances driven by broadening and accelerating technological progress. We look forward to putting this case to investors in the months and years ahead.

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

For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 20 and 21.

Total return information sourced from Refinitiv/StatPro/Baillie Gifford.

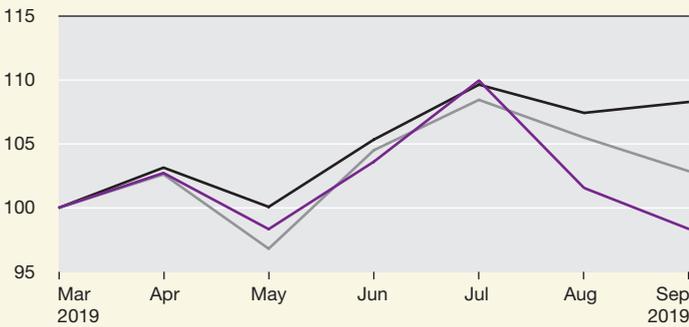
See disclaimer on page 20.

Past performance is not a guide to future performance.

# Performance

## Six Months Performance

(plotted on a monthly basis and rebased to 100 at 31 March 2019)



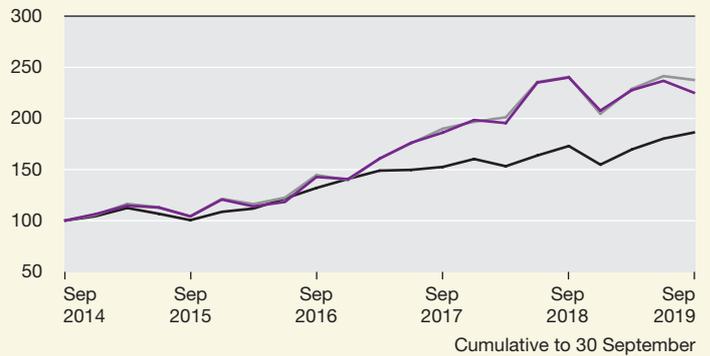
Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

- Share price
- NAV (after deducting borrowings at fair value)\*
- Benchmark#

Dividends are not reinvested.

## Five Year Total Return Performance\*

(figures rebased to 100 at 30 September 2014)



Source: Refinitiv and relevant underlying index providers†.

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

## Premium/(Discount) to Net Asset Value\*

(plotted on a weekly basis)

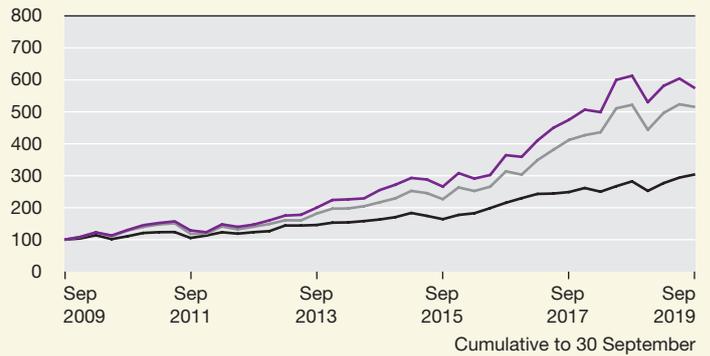


Source: Baillie Gifford.

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

## Ten Year Total Return Performance\*

(figures rebased to 100 at 30 September 2009)



Source: Refinitiv and relevant underlying index providers†.

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

## Ten Year Turnover\*

(plotted on a monthly basis, for the previous 12 months)

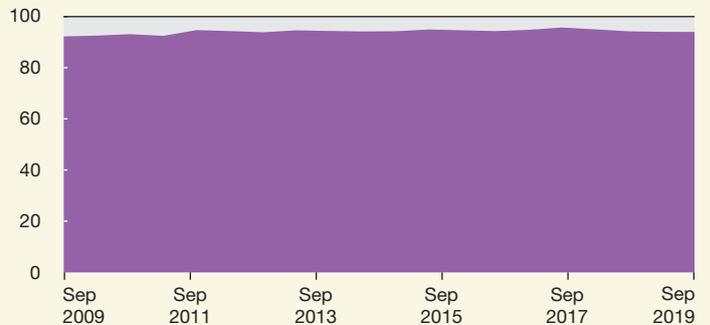


Source: Baillie Gifford.

- Turnover

## Ten Year Active Share\* Relative to the Benchmark#

(plotted on a six monthly basis, for the previous 12 months)



Source: Baillie Gifford and relevant underlying index providers†.

- Active share

\* See Glossary of Terms and Alternative Performance Measures on pages 20 and 21.

† See disclaimer on page 20.

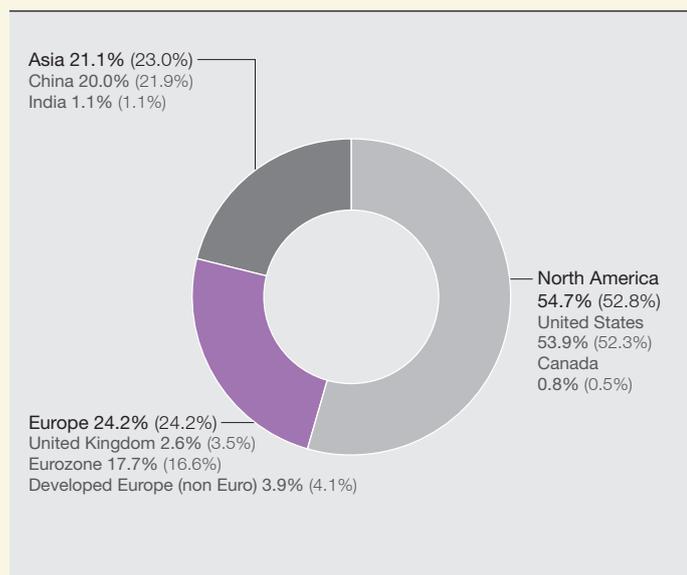
# Benchmark: FTSE-All World Index (in sterling terms).

Past performance is not a guide to future performance.

## Distribution of Total Assets\*

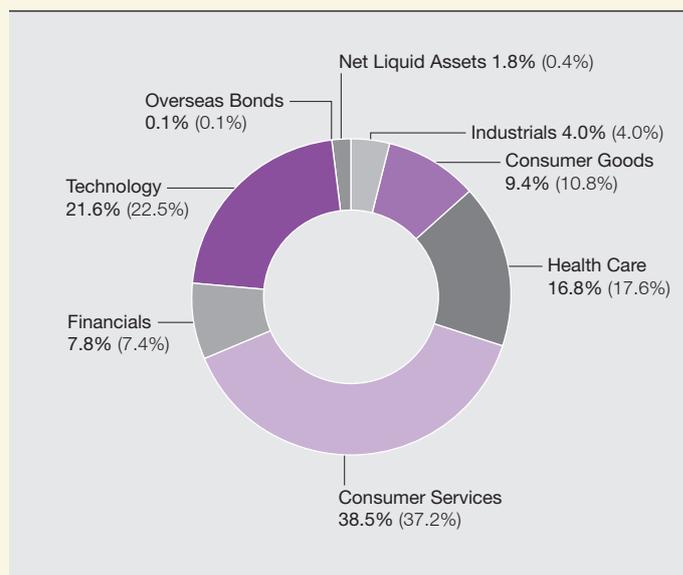
### Geographical Analysis at 30 September 2019

(31 March 2019)



### Sectoral Analysis at 30 September 2019

(31 March 2019)



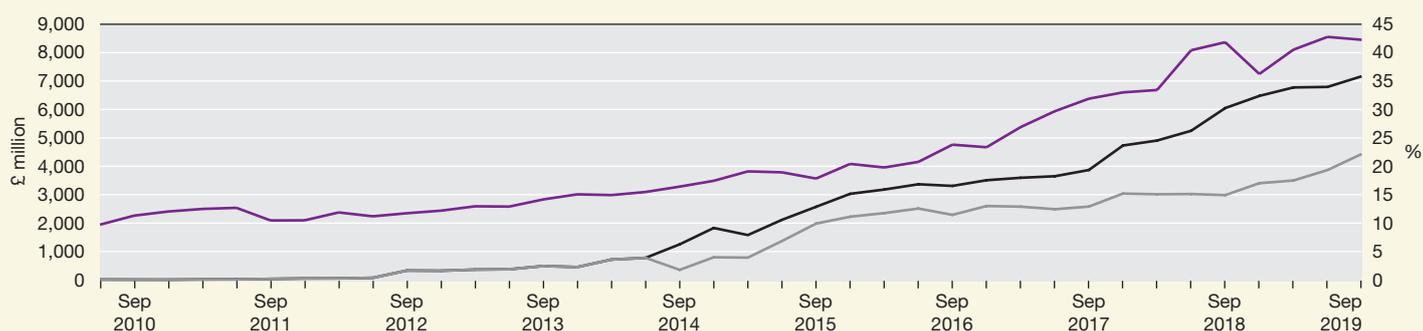
	Listed equities %	Unlisted securities † %	Unlisted bonds %	Net liquid assets %	Total %
<b>30 September 2019</b>	<b>76.0</b>	<b>22.1</b>	<b>0.1</b>	<b>1.8</b>	<b>100.0</b>
31 March 2019	82.2	17.3	0.1	0.4	100.0

\* Total assets before deduction of debentures, long and short term borrowings. See Glossary of Terms and Alternative Performance Measures on pages 20 and 21.

† Includes holdings in preference shares and ordinary shares.

### Unlisted Securities and Listed Securities Previously Held as Unlisted Securities as a Percentage of Total Assets#

(plotted quarterly from June 2010)



Source: Baillie Gifford.

— Total assets (in sterling) (left hand axis)

— Unlisted securities as a % of total assets (right hand axis)

— Unlisted securities and listed securities previously held in the portfolio as unlisted securities as a % of total assets (right hand axis)

# See Glossary of Terms and Alternative Performance Measures on pages 20 and 21.

## Holding Period of Investments as at 30 September 2019

### More Than 5 Years

Name		% of total assets
Amazon.com	10	9.0
Illumina		7.5
Alibaba Group	P	6.1
Tencent Holdings	10	6.1
Tesla Inc		4.6
ASML		3.8
Kering	10	3.3
Ferrari		3.0
Inditex		2.4
Alphabet	10	1.7
Facebook		1.4
Workday		1.4
Intuitive Surgical	10	1.3
Zalando		1.3
Ctrip.com	10	1.2
Housing Development Finance Corporation	10	1.1
Baidu	10	1.1
Kinnevik		1.1
Atlas Copco	10	1.0
Renishaw		0.6
Essence Healthcare	U	0.6
Innovation Works Development Fund	U	0.3
Alnylam Pharmaceuticals		0.3
WI Harper Fund VIII	U	0.1
WI Harper Fund VII	U	0.1
Level E Maya Fund		0.1
<b>Total</b>		<b>60.5</b>

### 2–5 Years

Name		% of total assets
Netflix		2.4
Ginkgo Bioworks	U	2.0
Delivery Hero		1.9
Spotify Technology SA	P	1.8
You & Mr Jones	U	1.5
NVIDIA		1.4
Meituan Dianping	P	1.3
TransferWise	U	1.2
Grail	U	1.0
Anaplan	P	0.8
Indigo Agriculture	U	0.8
Bluebird Bio Inc		0.7
Rocket Internet		0.7
HelloFresh	P	0.7
Vir Biotechnology	U	0.7
Lyft	P	0.6
Thumbtack	U	0.6
Orchard Therapeutics	P	0.6
Auto1	U	0.4
JAND Inc (Warby Parker)	U	0.4
Denali Therapeutics	P	0.4
Palantir Technologies	U	0.3
Airbnb	U	0.3
Clover Health	U	0.3
Eventbrite	P	0.3
Rubius Therapeutics	P	0.3
Intarcia Therapeutics	U	0.2
Zocdoc	U	0.2
Unity Biotechnology	P	0.2
CureVac	U	0.2
ARCH Ventures Fund IX	U	0.1
Funding Circle	P	0.1
Udacity	U	0.1
Sinovation Fund III	U	0.1
<b>Total</b>		<b>24.6</b>

### Less Than 2 Years

Name		% of total assets
Ant International	U	2.5
Tempus Labs Inc	U	1.0
Shopify		0.8
Carbon	U	0.7
Bytedance	U	0.7
Zipline	U	0.7
Space Exploration Technologies	U	0.7
Pinduoduo		0.6
Tanium	U	0.5
Uptake Technologies	U	0.5
HeartFlow	U	0.5
Recursion Pharmaceuticals	U	0.5
Away Inc (JRSK)	U	0.5
The Production Board	U	0.4
Bolt Threads	U	0.4
NIO	P	0.4
Full Truck Alliance	U	0.3
Affirm	U	0.3
KSQ Therapeutics	U	0.2
Aurora	U	0.2
Grubhub		0.2
Slack Technologies	P	0.2
Zoom		0.2
Sana Biotechnology	U	0.1
ARCH Ventures Fund X	U	<0.1
ARCH Ventures Fund X Overage	U	<0.1
<b>Total</b>		<b>13.1</b>

U Denotes unlisted security.

P 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 1.8% of total assets. See Glossary of Terms and Alternative Performance Measures on pages 20 and 21.

# List of Investments

At 30 September 2019

Name	Business	Fair value 30 September 2019 £'000	% of total assets	Contribution to absolute performance* %	Notes †	Fair value 31 March 2019 £'000
Amazon.com	Online retailer and cloud computing	762,431	9.0	0.4		778,843
Illumina	Biotechnology equipment	634,701	7.5	0.5		613,045
Alibaba Group <sup>Ⓞ</sup>	Online retailing and financial services	516,072	6.1	(0.2)		532,441
Tencent Holdings	Internet services	515,163	6.1	(0.3)		531,946
Tesla Inc	Electric cars, autonomous driving and solar energy	389,756	4.6	(0.6)		428,304
ASML	Lithography	324,645	3.8	1.2		233,003
Kering	Luxury goods producer and retailer	281,205	3.3	(0.1)		299,236
Ferrari	Luxury automobiles	250,829	3.0	0.7		246,825
Ant International Limited Class C Ord. <sup>Ⓞ</sup>	Online financial services platform	212,275	2.5	0.3		191,858
Netflix	Subscription service for TV shows and movies	201,685	2.4	(0.6)		254,115
Inditex	Global clothing retailer	198,970	2.4	0.3		178,783
Ginkgo Bioworks Inc Series D Pref. <sup>Ⓞ</sup>	Bio-engineering company	76,637	0.9	0.7		22,796
Ginkgo Bioworks Inc Series C Pref. <sup>Ⓞ</sup>	Bio-engineering company	74,524	0.9	0.7		21,867
Ginkgo Bioworks Inc Series E Pref. <sup>Ⓞ</sup>	Bio-engineering company	12,883	0.2	–	New purchase	–
		164,044	2.0	1.4		44,663
Delivery Hero	Online food delivery service	162,182	1.9	0.5		124,960
Spotify Technology SA <sup>Ⓞ</sup>	Online music streaming service	153,136	1.8	(0.3)		176,293
Alphabet	Holding company for Google and associated ventures	145,156	1.7	0.1		132,109
You & Mr Jones Class A Units <sup>Ⓞ</sup>	Digital advertising	122,535	1.5	0.8		50,650
NVIDIA	Visual computing	122,227	1.4	–		119,284
Facebook	Social networking site	119,499	1.4	0.2		105,764
Workday	Enterprise information technology	116,054	1.4	(0.1)		124,657
Meituan Dianping <sup>Ⓞ</sup>	Local services aggregator	107,964	1.3	0.5		67,254
Intuitive Surgical	Surgical robots	107,048	1.3	–		106,974
Zalando	International online clothing retailer	105,635	1.3	0.3	Significant reduction	116,867

\* Contribution to absolute performance has been calculated on a total return basis over the period 1 April 2019 to 30 September 2019. For a definition of total return please see Glossary of Terms and Alternative Performance Measures on pages 20 and 21.

† 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 2019. The change in value over the period also reflects the share price performance and the movement in exchange rates.

<sup>Ⓞ</sup> Denotes unlisted security.

<sup>Ⓞ</sup> 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 2019 £'000	% of total assets	Contribution to absolute performance* %	Notes †	Fair value 31 March 2019 £'000
Transferwise Ltd Series D Pref.Ⓜ	Online money transfer services	47,929	0.6	–		45,327
Transferwise Ltd Series Ord.Ⓜ	Online money transfer services	20,372	0.3	–		19,266
Transferwise Ltd Series A Pref.Ⓜ	Online money transfer services	11,147	0.1	–		10,542
Transferwise Ltd Series B Pref.Ⓜ	Online money transfer services	10,139	0.1	–		9,588
Transferwise Ltd Series E Pref.Ⓜ	Online money transfer services	5,797	0.1	–		5,482
Transferwise Ltd Series Seed Pref.Ⓜ	Online money transfer services	2,713	<0.1	–		2,565
Transferwise Ltd Series C Pref.Ⓜ	Online money transfer services	426	<0.1	–		403
		98,523	1.2	–		93,173
Ctrip.com	Travel agent	97,996	1.2	(0.5)		138,253
Housing Development Finance Corporation	Indian mortgage provider	96,109	1.1	0.1		92,568
Baidu	Online search engine	93,428	1.1	(0.6)		141,665
Kinnevik	Investment company	90,783	1.1	0.1		84,359
Atlas Copco	Engineering	87,312	1.0	0.2		71,839
Grail Inc Series B Pref.Ⓜ	Clinical stage biotechnology company	86,544	1.0	0.3		66,768
Tempus Labs Inc Series E Pref.Ⓜ	Offers molecular diagnostics tests for cancer and aggregates clinical oncology records	62,224	0.7	0.1	Significant addition	40,849
Tempus Labs Inc Series F Pref.Ⓜ	Offers molecular diagnostics tests for cancer and aggregates clinical oncology records	22,860	0.3	–	New purchase	–
		85,084	1.0	0.1		40,849
Anaplan Inc CommonⓂ	Enterprise planning software	71,324	0.8	0.2		56,535
Indigo Agriculture Inc Series D Pref.Ⓜ	Analyses plant microbiomes to increase crop yields	49,321	0.6	(0.1)		55,273
Indigo Agriculture Inc Series E Pref.Ⓜ	Analyses plant microbiomes to increase crop yields	21,615	0.2	–		22,152
		70,936	0.8	(0.1)		77,425
Shopify	Cloud-based commerce platform provider	65,910	0.8	0.3		41,338
Bluebird Bio Inc	Provider of biotechnological products and services	64,949	0.7	(0.5)		123,604
Carbon Inc Series D Pref.Ⓜ	Manufactures and develops 3D printers	38,908	0.4	–		36,796
Carbon Inc Series E Pref.Ⓜ	Manufactures and develops 3D printers	24,345	0.3	–		23,023
		63,253	0.7	–		59,819

\* Contribution to absolute performance has been calculated on a total return basis over the period 1 April 2019 to 30 September 2019. For a definition of total return please see Glossary of Terms and Alternative Performance Measures on pages 20 and 21.

† 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 2019. 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 2019 £'000	% of total assets	Contribution to absolute performance* %	Notes †	Fair value 31 March 2019 £'000
Bytedance Ltd Series E Pref.Ⓞ	Social media	60,862	0.7	–	New purchase	–
Zipline International Inc Series D Pref.Ⓞ	Logistics company that designs, manufactures and operates drones to deliver medical supplies	32,460	0.4	–		30,697
Zipline International Inc Series C Pref.Ⓞ	Logistics company that designs, manufactures and operates drones to deliver medical supplies	27,713	0.3	–		26,209
		60,173	0.7	–		56,906
Rocket Internet	Internet start-up factory	58,883	0.7	0.1		54,691
HelloFreshⓄ	Grocery retailer	57,090	0.7	0.3		33,661
Vir Biotechnology Inc Series A Pref.Ⓞ	Biotechnology company developing anti-infective therapies	37,897	0.5	0.1		30,697
Vir Biotechnology Inc Series B Pref.Ⓞ	Biotechnology company developing anti-infective therapies	18,948	0.2	–		15,349
		56,845	0.7	0.1		46,046
Space Exploration Technologies Corp Series J Pref.Ⓞ	Designs, manufactures and launches rockets and spacecraft	56,019	0.7	0.1		50,502
Pinduoduo Inc	Chinese e-commerce	54,576	0.6	0.2		39,711
Renishaw	Electronic equipment	53,026	0.6	–		53,663
Lyft IncⓄ	Ridesharing services	51,171	0.6	(0.5)		92,448
Thumbtack Inc Series G Pref.Ⓞ	Online directory service for local businesses	40,575	0.5	0.2		25,791
Thumbtack Inc Series H Pref.Ⓞ	Online directory service for local businesses	8,115	0.1	–	New purchase	–
		48,690	0.6	0.2		25,791
Orchard TherapeuticsⓄ	Gene therapy for rare diseases	46,499	0.6	(0.3)		64,778
Essence Healthcare Series 3 Pref.Ⓞ	Cloud-based health provider	45,673	0.6	–		46,105
Tanium Inc Class B CommonⓄ	Provides security and systems management solutions	45,267	0.5	–		46,813
Uptake Technologies Inc Series D Pref.Ⓞ	Designs and develops enterprise software	44,861	0.5	–		47,427
HeartFlow Inc Series E Pref.Ⓞ	Develops software for cardiovascular disease diagnosis and treatment	42,601	0.5	–		40,065
Recursion Pharmaceuticals Inc Series C Pref.Ⓞ	Uses image recognition/machine learning and automation to improve drug discovery	40,575	0.5	–		38,372

\* Contribution to absolute performance has been calculated on a total return basis over the period 1 April 2019 to 30 September 2019. For a definition of total return please see Glossary of Terms and Alternative Performance Measures on pages 20 and 21.

† 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 2019. 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 2019 £'000	% of total assets	Contribution to absolute performance* %	Notes †	Fair value 31 March 2019 £'000
JRSK Inc (Away) Series D Pref.Ⓞ	Luggage designer, manufacturer and retailer	22,823	0.3	–	New purchase	–
JRSK Inc (Away) Series Seed Pref.Ⓞ	Luggage designer, manufacturer and retailer	15,215	0.2	–	New purchase	–
		38,038	0.5	–		–
Auto1 Group GmbH Series E Pref.Ⓞ	Online retailer of used cars	36,234	0.4	0.1		31,269
JAND Inc (Warby Parker) Series D Pref.Ⓞ	Online and physical glasses retailer	19,179	0.2	–		17,087
JAND Inc (Warby Parker) Series A CommonⓄ	Online and physical glasses retailer	12,367	0.1	–		11,019
JAND Inc (Warby Parker) Series E Pref.Ⓞ	Online and physical glasses retailer	4,661	0.1	–		4,220
		36,207	0.4	–		32,326
Denali TherapeuticsⓄ	Biotechnology	36,174	0.4	(0.2)		51,851
The Production Board Series A-2 Pref.Ⓞ	Holding company for food technology companies	35,056	0.4	–		31,925
Bolt Threads Inc Series D Pref.Ⓞ	Natural fibres and fabrics manufacturer	29,625	0.4	–		31,182
NIO IncⓄ	Designs and manufactures electric and autonomous vehicles	28,248	0.4	(0.8)		87,726
Full Truck Alliance Ltd Series A-15 Pref.Ⓞ	Freight-truck matching platform	27,830	0.3	0.1		23,023
Palantir Technologies Inc Series J Pref.Ⓞ	Data integration software and service provider	26,517	0.3	–		23,394
Airbnb Inc Series E Pref.Ⓞ	Online market place for travel accommodation	25,946	0.3	0.1		20,648
Clover Health Investments Series D Pref.Ⓞ	Healthcare insurance provider	23,862	0.3	0.1		19,190
Innovation Works Development FundⓄ	Venture capital fund	23,488	0.3	–		22,300
Eventbrite IncⓄ	Online ticketing service	23,405	0.3	–		23,924
Affirm Inc Series F Pref.Ⓞ	Online platform which provides lending and consumer credit services	23,127	0.3	–		21,872
Rubius Therapeutics IncⓄ	Biotechnology	21,794	0.3	(0.3)		47,558
Alnylam Pharmaceuticals	Biotechnology	21,319	0.3	–		23,459
Intarcia Therapeutics Inc Convertible BondⓄ	Implantable drug delivery system	12,057	0.1	–		11,511
Intarcia Therapeutics Inc Series EE Pref.Ⓞ	Implantable drug delivery system	8,500	0.1	–		8,039
		20,557	0.2	–		19,550
Aurora Innovation Inc Series B Pref.Ⓞ	Developer of driverless vehicle technology	20,287	0.2	–	New purchase	–

\* Contribution to absolute performance has been calculated on a total return basis over the period 1 April 2019 to 30 September 2019. For a definition of total return please see Glossary of Terms and Alternative Performance Measures on pages 20 and 21.

† 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 2019. 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.

Name	Business	Fair value 30 September 2019 £'000	% of total assets	Contribution to absolute performance* %	Notes †	Fair value 31 March 2019 £'000
KSQ Therapeutics Inc Series C Pref.®	Biotechnology company	20,287	0.2	–		19,186
Zoom	Remote conferencing service provider	18,504	0.2	0.1	New purchase	–
Grubhub	US online food services	17,808	0.2	–		20,797
Slack Technologies Inc®	Enterprise messaging platform	17,792	0.2	0.1		10,338
Zocdoc Inc Series D-2 Pref.®	Online platform for searching for doctors and booking appointments	17,698	0.2	–		17,492
Unity Biotechnology®	Clinical stage biotechnology company	15,909	0.2	–		20,003
CureVac AG Series B Pref.®	Biotechnology	14,744	0.2	(0.1)		21,542
ARCH Ventures Fund IX®	Venture capital fund to invest in biotech start-ups	11,183	0.1	–		8,242
Funding Circle®	Facilitates loans to small and medium enterprises	10,260	0.1	(0.4)		42,748
Udacity Inc Series D Pref.®	Online education	9,673	0.1	–		9,606
Sinovation Fund III®	Venture capital fund	8,793	0.1	–		8,256
Sana Biotechnology Inc Series A-2 Pref.®	Biotechnology company creating and delivering engineered cells as medicine	8,061	0.1	–		6,395
WI Harper Fund VIII®	Venture capital fund	7,764	0.1	–		6,970
WI Harper Fund VII®	Venture capital fund	6,996	0.1	–	Return of capital	9,885
Level E Maya Fund	Artificial intelligence based algorithmic trading	4,969	0.1	–		4,846
ARCH Ventures Fund X®	Venture capital fund to invest in biotech start-ups	710	<0.1	–	Additional investment	413
ARCH Ventures Fund X Overage®	Venture capital fund to invest in biotech start-ups	649	<0.1	–	Additional investment	397
<b>Total Investments</b>		<b>8,297,688</b>	<b>98.2</b>			
Net Liquid Assets#		148,759	1.8			
<b>Total Assets#</b>		<b>8,446,447</b>	<b>100.0</b>			

\* Contribution to absolute performance has been calculated on a total return basis over the period 1 April 2019 to 30 September 2019. For a definition of total return please see Glossary of Terms and Alternative Performance Measures on pages 20 and 21.

† 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 2019. The change in value over the period also reflects the share price performance and the movement in exchange rates.

# See Glossary of Terms and Alternative Performance Measures on pages 20 and 21.

® Denotes unlisted security.

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

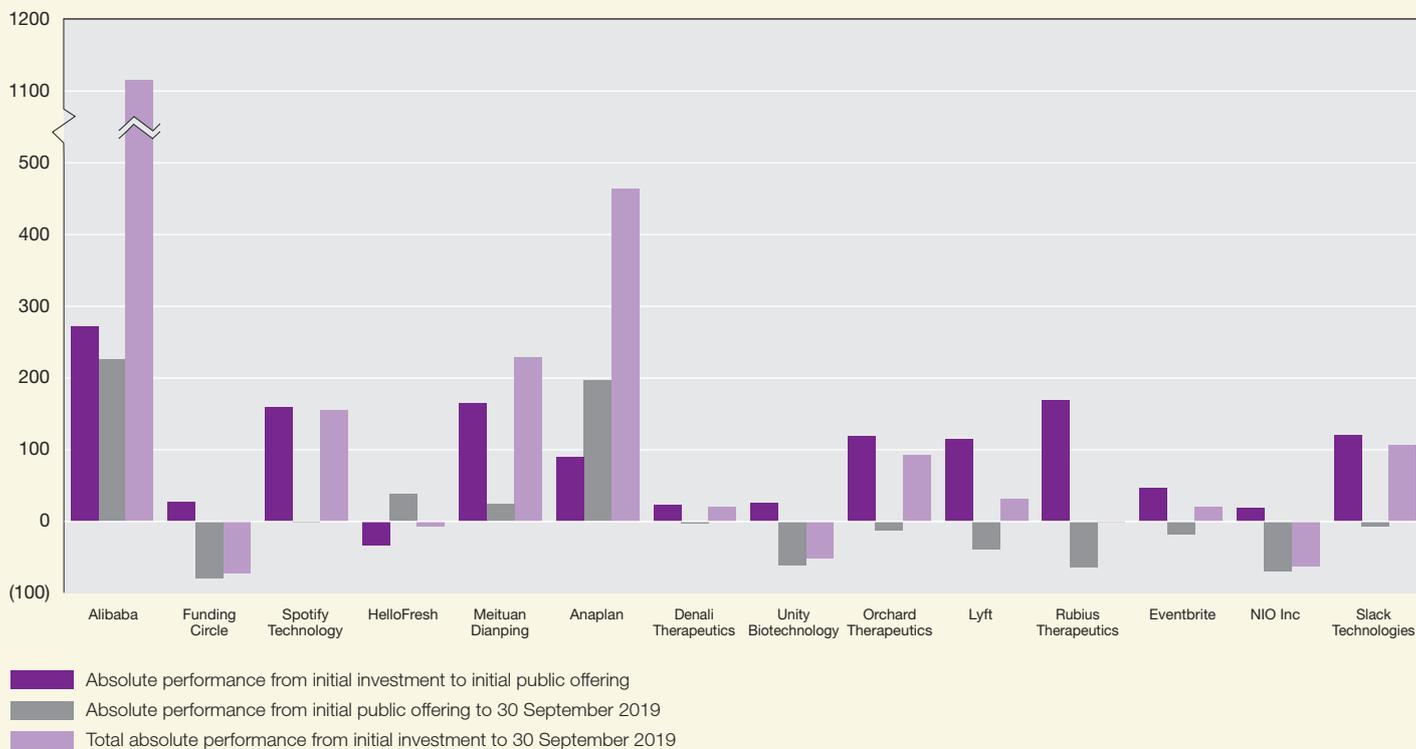
The following investments were completely sold during the period: Home24, SurveyMonkey and Tableau Software.

Source: Baillie Gifford/StatPro.

## Performance of Listed Holdings at 30 September 2019 Held Previously as Unlisted Investments

From date of initial investment of each holding to 30 September 2019

(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	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Gains on investments		–	289,983	<b>289,983</b>	–	1,219,964	<b>1,219,964</b>
Currency losses		–	(10,394)	<b>(10,394)</b>	–	(12,186)	<b>(12,186)</b>
Income from investments and interest receivable		18,860	–	<b>18,860</b>	22,481	–	<b>22,481</b>
Investment management fee	3	–	(11,613)	<b>(11,613)</b>	–	(11,270)	<b>(11,270)</b>
Other administrative expenses		(1,926)	–	<b>(1,926)</b>	(2,080)	–	<b>(2,080)</b>
<b>Net return before finance costs and taxation</b>		<b>16,934</b>	<b>267,976</b>	<b>284,910</b>	<b>20,401</b>	<b>1,196,508</b>	<b>1,216,909</b>
Finance costs of borrowings		–	(15,741)	<b>(15,741)</b>	–	(14,259)	<b>(14,259)</b>
<b>Net return on ordinary activities before taxation</b>		<b>16,934</b>	<b>252,235</b>	<b>269,169</b>	<b>20,401</b>	<b>1,182,249</b>	<b>1,202,650</b>
Tax on ordinary activities		(622)	–	<b>(622)</b>	(1,194)	–	<b>(1,194)</b>
<b>Net return on ordinary activities after taxation</b>		<b>16,312</b>	<b>252,235</b>	<b>268,547</b>	<b>19,207</b>	<b>1,182,249</b>	<b>1,201,456</b>
<b>Net return per ordinary share</b>	4	<b>1.10p</b>	<b>17.01p</b>	<b>18.11p</b>	<b>1.35p</b>	<b>83.03p</b>	<b>84.38p</b>
<b>Dividends proposed per ordinary share</b>	5	<b>1.39p</b>			<b>1.39p</b>		

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 2019 £'000	At 31 March 2019 (audited) £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	6	8,297,688	8,098,819
<b>Current assets</b>			
Debtors		5,932	27,892
Cash and cash equivalents		156,273	35,587
		162,205	63,479
<b>Creditors</b>			
Amounts falling due within one year:			
Bank loans	7	(296,194)	(280,112)
Debenture stock	7	(20,305)	–
Other creditors		(13,446)	(28,907)
		(329,945)	(309,019)
<b>Net current liabilities</b>			
		(167,740)	(245,540)
<b>Total assets less current liabilities</b>			
		8,129,948	7,853,279
<b>Creditors</b>			
Amounts falling due after more than one year:			
Loan notes	7	(274,536)	(274,526)
Debenture stocks	7	(128,254)	(148,823)
		(402,790)	(423,349)
		<b>7,727,158</b>	<b>7,429,930</b>
<b>Capital and reserves</b>			
Share capital		74,239	73,713
Share premium account		764,521	710,569
Capital redemption reserve		19,094	19,094
Capital reserve		6,852,992	6,602,885
Revenue reserve		16,312	23,669
<b>Shareholders' funds</b>			
		<b>7,727,158</b>	<b>7,429,930</b>
<b>Net asset value per ordinary share</b>			
(after deducting borrowings at book)*		<b>520.4p</b>	<b>504.0p</b>
<b>Ordinary shares in issue</b>			
	9	<b>1,484,780,880</b>	<b>1,474,255,880</b>

\* See Glossary of Terms and Alternative Performance Measures on pages 20 and 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 2019

	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 2019		73,713	710,569	19,094	6,602,885	23,669	<b>7,429,930</b>
Net return on ordinary activities after taxation		–	–	–	252,235	16,312	<b>268,547</b>
Shares issued	9	526	53,952	–	–	–	<b>54,478</b>
Dividends paid during the period	5	–	–	–	(2,128)	(23,669)	<b>(25,797)</b>
<b>Shareholders' funds at 30 September 2019</b>		<b>74,239</b>	<b>764,521</b>	<b>19,094</b>	<b>6,852,992</b>	<b>16,312</b>	<b>7,727,158</b>

### 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	<b>6,187,756</b>
Net return on ordinary activities after taxation		–	–	–	1,182,249	19,207	<b>1,201,456</b>
Shares sold from treasury		–	91,044	–	42,069	–	<b>133,113</b>
Shares issued		1,416	152,283	–	–	–	<b>153,699</b>
Dividends paid during the period	5	–	–	–	(19,917)	(3,849)	<b>(23,766)</b>
<b>Shareholders' funds at 30 September 2018</b>		<b>72,502</b>	<b>595,702</b>	<b>19,094</b>	<b>6,945,753</b>	<b>19,207</b>	<b>7,652,258</b>

\* The Capital Reserve balance at 30 September 2019 includes investment holding gains on fixed asset investments of £4,129,108,000 (30 September 2018 – gains of £4,368,413,000).

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	2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>			
Net return on ordinary activities before taxation		269,169	1,202,650
Gains on investments		(289,983)	(1,219,964)
Currency losses		10,394	12,186
Finance costs of borrowings		15,741	14,259
Overseas withholding tax refunded		145	1,665
Overseas withholding tax incurred		(767)	(1,194)
Changes in debtors and creditors		(748)	763
<b>Cash from operations</b>		<b>3,951</b>	<b>10,365</b>
Interest paid		(16,053)	(12,437)
<b>Net cash outflow from operating activities</b>		<b>(12,102)</b>	<b>(2,072)</b>
<b>Net cash inflow/(outflow) from investing activities</b>			
Equity dividends paid	5	(25,797)	(23,766)
Stamp duty paid on shares bought back		–	(67)
Shares sold from treasury		–	133,113
Shares issued		54,478	150,995
Bank loans repaid		–	(28,221)
Bank loans drawn down and loan notes issued	7	–	226,207
<b>Net cash inflow from financing activities</b>		<b>28,681</b>	<b>458,261</b>
Increase in cash and cash equivalents		114,998	26,016
Exchange movements		5,688	7,811
Cash and cash equivalents at start of period		35,587	34,974
<b>Cash and cash equivalents at end of period*</b>		<b>156,273</b>	<b>68,801</b>

\* 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 2019 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 October 2019. 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 2019 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 2019.

### 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 section 435 of the Companies Act 2006. The financial information for the year ended 31 March 2019 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditor's Report on those accounts was not qualified, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying its report and did not contain statements under sections 498 (2) or (3) of the Companies Act 2006.
- 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 2019 £'000	Six months to 30 September 2018 £'000
Revenue return on ordinary activities after taxation	16,312	19,207
Capital return on ordinary activities after taxation	252,235	1,182,249
<b>Total net return</b>	<b>268,547</b>	<b>1,201,456</b>
<b>Weighted average number of ordinary shares in issue</b>	<b>1,482,684,432</b>	<b>1,423,915,955</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.

### 5 Dividends

	Six months to 30 September 2019 £'000	Six months to 30 September 2018 £'000
<b>Amounts recognised as distributions in the period:</b>		
Previous year's final dividend of 1.74p (2018 – 1.68p), paid 2 July 2019	25,797	23,766
	<b>25,797</b>	<b>23,766</b>
<b>Dividends proposed in the period:</b>		
Interim dividend for the year ending 31 March 2020 of 1.39p (2019 – 1.39p)	20,638	20,229
	<b>20,638</b>	<b>20,229</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 6 December 2019 to shareholders on the register at the close of business on 22 November 2019. The ex-dividend date is 21 November 2019. The Company's Registrars offer a Dividend Reinvestment Plan and the final date for elections for this dividend is 25 November 2019.

## 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

As at 30 September 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equities/funds	6,419,597	–	–	<b>6,419,597</b>
Unlisted ordinary shares	–	–	290,282	<b>290,282</b>
Unlisted preference shares	–	–	1,575,752	<b>1,575,752</b>
Unlisted convertible note	–	–	12,057	<b>12,057</b>
<b>Total financial asset investments</b>	<b>6,419,597</b>	<b>–</b>	<b>1,878,091</b>	<b>8,297,688</b>

As at 31 March 2019 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equities/funds	6,680,183	–	–	<b>6,680,183</b>
Unlisted ordinary shares	–	–	268,956	<b>268,956</b>
Unlisted preference shares	–	–	1,138,169	<b>1,138,169</b>
Unlisted convertible note	–	–	11,511	<b>11,511</b>
<b>Total financial asset investments</b>	<b>6,680,183</b>	<b>–</b>	<b>1,418,636</b>	<b>8,098,819</b>

During the period an investment with a book cost of £8,644,000 was transferred from Level 3 to Level 1 on becoming listed. 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 techniques consistent with the International Private Equity and Venture Capital Valuation Guidelines 2018 ('IPEV'). The techniques applied are predominantly market-based approaches. The market-based approaches available under IPEV are set out below and are followed by an explanation of how they are applied to the Company's unlisted portfolio:

- Multiples;
- Industry Valuation Benchmarks; and
- Available Market Prices.

The nature of the unlisted portfolio will influence the valuation technique applied. The valuation approach recognises that, as stated in the IPEV Guidelines, the price of a recent investment, if resulting from an orderly transaction, generally represents fair value as at the transaction date and may be an appropriate starting point for estimating fair value at subsequent measurement dates. However, consideration is given to the facts and circumstances as at the subsequent measurement date, including changes in the market or performance of the investee company. Milestone analysis is used where appropriate to incorporate the operational progress of the investee company into the valuation. Additionally, the background to the transaction must be considered. As a result, various multiples-based techniques are employed to assess the valuations particularly in those companies with established revenues. Discounted cashflows are used where appropriate. An absence of relevant industry peers may preclude the application of the Industry Valuation Benchmarks technique and an absence of observable prices may preclude the Available Market Prices approach. All valuations are cross-checked for reasonableness by employing relevant alternative techniques.

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 the Company; 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 £719,289,000 (31 March 2019 – £703,461,000).

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 International Limited ('RBS') and a US\$85 million revolving 2 year loan with RBS (31 March 2019 – US\$200 million revolving 2 year loan with NAB, a US\$80 million revolving 3 year loan with RBS and a US\$85 million revolving 2 year loan with RBS).

The debenture stock maturing within one year is the £20 million 8–14% stepped interest debenture (maturing 30 September 2020).

There are no bank loans falling due in more than one year (31 March 2019 – none).

During the period the US\$85 million revolving 2 year loan with RBS was replaced with a US\$85 million revolving 2 year loan with RBS.

**8** The fair value of the borrowings at 30 September 2019 was £798,748,000 (31 March 2019 – £750,745,000).

## **9 Share Capital: Ordinary Shares of 5p Each**

	At 30 September 2019	At 31 March 2019 (audited)
	No. of shares	No. of shares
Allotted, called up and fully paid	<b>1,484,780,880</b>	<b>1,474,255,880</b>

In the six months to 30 September 2019, the Company issued 10,525,000 ordinary shares with a nominal value of £526,000 at a premium to net asset value raising net proceeds of £54,478,000 (year to 31 March 2019 – 26,367,671 shares sold from treasury with a nominal value of £1,318,000 at a premium to net asset value raising net proceeds of £133,113,000 and issued 52,525,000 ordinary shares, with a nominal value of £2,627,000, at a premium to net asset value, raising proceeds of £269,777,000).

In the six months to 30 September 2019 no ordinary shares were bought back (year to 31 March 2019 – nil). At 30 September 2019 the Company had authority remaining to buy back 221,658,011 ordinary shares.

**10** Transaction costs on acquisitions within the portfolio amounted to nil (30 September 2018 – £517,000) and transaction costs on sales amounted to £133,000 (30 September 2018 – £246,000). 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

### How to Invest

Scottish Mortgage's shares are traded on the London Stock Exchange. They can be bought through a stockbroker or by asking a professional adviser to do so. If you are interested in investing directly in Scottish Mortgage you can do so online. There are a number of companies offering real time online dealing services – find out more by visiting the investment trust pages at [www.bailliegifford.com](http://www.bailliegifford.com).

### 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](http://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.

## 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

- 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.

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

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](http://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.

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>.

## Third Party Data Provider Disclaimer

No third party data provider ('Provider') makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data. No Provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the index data included in this document, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom.

No Provider has any obligation to update, modify or amend the data or to otherwise notify a recipient thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

Without limiting the foregoing, no Provider shall have any liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions,

recommendations, forecasts, judgments, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein.

### FTSE Index Data

FTSE International Limited ('FTSE') © FTSE 2019. 'FTSE®' is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data and no party may rely on any FTSE indices, ratings and/or data, underlying data contained in this communication. No further distribution of FTSE Data is permitted without FTSE's express written consent. FTSE does not promote, sponsor or endorse the content of this communication.

## Glossary of Terms and Alternative Performance Measures (APM)

### Total Assets

Total assets less current liabilities, before deduction of all borrowings.

### Net Asset Value

Also described as shareholders' funds. Net Asset Value (NAV) is the value of total assets less liabilities (including borrowings). Net Asset Value is calculated on the basis of borrowings stated at book value or fair value. An explanation of each basis is provided below. The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue (excluding treasury shares).

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

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

### Net Asset Value (Borrowings at Fair Value) (APM)

Borrowings are valued at an estimate of their market worth. The value of the borrowings at fair is set out in note 8 on page 18 and a reconciliation to Net Asset Value with borrowings at book value is provided below.

	30 September 2019	31 March 2019
Net Asset Value per ordinary share (borrowings at book value)	520.4p	504.0p
Shareholders' funds (borrowings at book value)	£7,727,158k	£7,429,930k
Add: book value of borrowings	£719,289k	£703,461k
Less: fair value of borrowings	(£798,748k)	(£750,745k)
Net Asset Value (borrowings at fair value)	£7,647,699k	£7,382,646k
Shares in issue at year end (excluding treasury shares)	1,484,780,880	1,474,255,880
Net Asset Value per ordinary share (borrowings at fair value)	515.1p	500.8p

### Net Liquid Assets

Net liquid assets comprise current assets less current liabilities, excluding borrowings.

### Discount/Premium (APM)

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, it is said to be trading at a premium.

## Gearing (APM)

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.

Gearing represents borrowings at book value less cash and cash equivalents (including any outstanding trade settlements) expressed as a percentage of shareholders' funds.

## Turnover (APM)

Annual turnover is calculated by dividing the lower of purchases and sales by the average of opening and closing total assets.

## Active Share (APM)

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.

## Total Return (APM)

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

		30 September 2019			30 September 2018		
		NAV (book)	NAV (fair)	Share price	NAV (book)	NAV (fair)	Share price
Closing NAV per share/share price	(a)	520.4p	515.1p	503.5p	527.7p	524.9p	541.3p
Dividend adjustment factor*	(b)	1.0033	1.0033	1.0036	1.0034	1.0040	1.0031
Adjusted closing NAV per share/share price	(c = a x b)	522.1p	516.8p	505.3p	529.5p	527.0p	543.0p
Opening NAV per share/share price	(d)	504.0p	500.8p	512.0p	443.5p	439.9p	442.2p
<b>Total return</b>	(c ÷ d)-1	<b>3.6%</b>	<b>3.2%</b>	<b>(1.3%)</b>	<b>19.4%</b>	<b>19.8%</b>	<b>22.8%</b>

\* The dividend adjustment factor is calculated on the assumption that the final dividend of 1.74p (2018 – 1.68p) paid by the Company during the period was reinvested into shares of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

## Directors

Chairman:  
FC McBain ACA

LJ Dowley FCA  
Professor JA Kay CBE FBA FRSE  
Professor PH Maxwell DPhil  
FRCP FMedSci  
Professor P Subacchi

## Alternative Investment Fund Managers, Secretaries and Registered Office

Baillie Gifford & Co Limited  
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: 0370 707 1300

## Company Broker

Jefferies Hoare Govett  
Vintners Place  
68 Upper Thames Street  
London  
EC4V 3BJ

## Independent Auditor

PricewaterhouseCoopers LLP  
Chartered Accountants  
and Statutory Auditors  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

## Depository

The Bank of New York Mellon  
(International) Limited  
1 Canada Square  
London  
E14 5AL

## Company Details

[www.scottishmortgageit.com](http://www.scottishmortgageit.com)  
E-mail:  
[scottishmortgage@bailliegifford.com](mailto:scottishmortgage@bailliegifford.com)  
Company Registration  
No. SC007058  
ISIN GB00BLDYK618  
Sedol BLDYK61  
Ticker SMT

Legal Entity Identifier:  
213800G37DCS3Q9IJM38

## Further Information

Client Relations Team  
Baillie Gifford & Co  
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