The Scottish Investment Trust PLC

Preliminary results for the year to 31 October 2015.

The Scottish Investment Trust PLC *invests internationally and is independently managed. Its objective is to provide investors, over the longer term, with above average returns through a diversified portfolio of international equities and to achieve dividend growth ahead of UK inflation. Today it announces its results for the year to 31 October 2015.*

Performance

In the twelve months to 31 October 2015, the net asset value per share (NAV) total return (with borrowings at market value) was 4.0%. The share price total return over the same period was 3.7%. The Manager's review provides more detail regarding the contributing factors to this performance.

The portfolio is not modelled on any index and, to reflect this, the company does not have a formal benchmark. Performance is instead reviewed in the context of returns from broad baskets of UK and international equities. Over the same period, the FTSE All-World Index™ sterling total return was 4.2% and the FTSE All-Share Index™ total return was 3.0%.

Income and Dividends

Earnings per share were higher by 38.2% at 15.91p (2014: 11.51p), due mainly to a higher level of income generation from the portfolio but also to a greater use of our borrowings throughout the year, higher special dividends and successful tax reclaims relating to historic overseas dividends.

The board recommends a final dividend of 7.5p per share (2014: 7.2p) which, if approved, and combined with the interim dividend of 5.0p, will mean that the total regular dividend for the year will increase by 4.2%, from 12.0p to 12.5p, ahead of the main measures of UK inflation. The board also recommends the payment of a special dividend of 3.5p, which if approved and combined with the total regular dividend will mean that the total dividend for the year will increase by 33.3% to 16.0p.

Commentary

Global stockmarkets made a very strong start to our financial year, peaking at around the end of the first half, as investors remained sensitive to the intentions of the major central banks. The highly benign monetary environment was maintained as the US Federal Reserve (Fed) backed away from a suggested increase in interest rates while the European Central Bank and the Bank of Japan engaged in additional stimulus.

Markets fell heavily following the devaluation of the Chinese currency in August, which suggested that future Chinese economic growth was likely to be slower than had been previously assumed. Markets were further disturbed by a concern that the Fed would ignore the slowdown in global economic activity and fulfil a long mooted ambition to start increasing interest rates. However, markets recovered late in our financial year as the Fed again shied away from such a course of action.

Gearing

Gearing was modestly increased through the year from 4% to 5%. The deployment of debt added to the capital return and income account and partially offset the effect of interest payments.

Discount and Share Buybacks

The discount at which the share price trades to the NAV was again broadly stable and finished the year at 8.6% (2014: 8.7%).

The company has for a number of years followed a policy that aims to maintain the discount at or below 9%. During the year, 2.5m (2014: 1.9m) shares were repurchased for cancellation at an average discount of 8.9% (2014: 9.7%) and at a cost of £15.4m (2014: £11.3m).

Appointment of Manager and Restructuring

Alasdair McKinnon was appointed Manager of the company in February 2015 after serving as Acting Manager since July 2014.

We have restructured our operations to reflect the fact that the portfolio is managed as a unified global entity and to ensure that our costs remain competitive. We have also closed our defined benefit pension scheme to future accrual.

Our ongoing charges ratio for the year under review was 0.52% which is among the lowest in the industry and compares with 0.68% in the previous year.

Board

I shall retire from the board following the annual general meeting and I am delighted to be succeeded as Chairman by James Will. I am confident of the future of the company in the hands of James and his colleagues.

Outlook

We exist in an investment climate that owes much to the continued availability of cheap credit. Complicating this is the fact that the credibility of the US Federal Reserve has been staked on a desire to 'normalise' interest rate policy while other important central banks continue to discuss further extraordinary stimulus. It is unclear how this will eventually end.

Regardless of the above uncertainty, we believe that we have a portfolio of sound companies which should work to the long term advantage of our shareholders.

Douglas McDougall
Chairman

4 December 2015

For further information, please contact:-
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SUMMARY OF RESULTS

For the year ended 31 October 2015

	2015	2014	Change %	Total Return %
NAV with borrowings at market value	676.1p	661.6p	2.2	4.0
NAV with borrowings at par	694.3p	679.5p	2.2	3.9
Ex-income NAV with borrowings at market value	665.0p	654.8p	1.6	
Ex-income NAV with borrowings at par	683.2p	672.7p	1.6	
Share price	608.0p	598.0p	1.7	3.7
Discount to ex-income NAV with borrowings at market value	8.6%	8.7%		
FTSE All-World Index			1.7	4.2
UK FTSE All-Share Index			-0.5	3.0
	£'000	£'000		
Equity investments	774,236	767,179		
Net current assets	65,769	74,010		
Total assets	840,005	841,189		
Long-term borrowings at par	(104,399)	(104,283)		
Pension liability	(2,550)	(2,613)		
Shareholders' funds	733,056	734,293		
Total income	24,057	19,854	21.2	
Earnings per share	15.91p	11.51p	38.2	
Regular dividend per share (2015: proposed final 7.50p)	12.50p	12.00p	4.2	
Special dividend per share	3.50p	-		
Total dividend per share	16.00p	12.00p	33.3	
UK Consumer Prices Index – annual inflation			-0.1	
UK Retail Prices Index – annual inflation			0.7	

MANAGER'S REVIEW

As the Chairman has noted, I was appointed Manager in February, having previously served as Acting Manager for the trust. This review will, as usual, outline our activity over the year but I thought shareholders would also be interested in an outline of our broad investment philosophy and the opportunities we foresee.

The Chairman has already outlined that the total return of the company's most widely referenced measure of NAV, with borrowings at market value, increased by 4.0% over the year. To break this headline number into its component parts, the company's invested equity portfolio returned 5%, which was enhanced by a further 0.5% by the deployment of a proportion of our long-term borrowings. Offsetting these benefits to the NAV were the expenses of running the company of 0.7% and the interest costs associated with our long-term borrowings of 0.9%.

Much of the portfolio activity during the year reflected increased investment in our best ideas and a reduction in the number of holdings to 74 compared with 101 at the last year end. The portfolio remains very diversified but this shift now means that our highest conviction ideas and views will have a greater impact on the portfolio performance.

Given the low interest rate environment, we found that sustainable and higher than average dividend yields were a useful bolster to our investment cases. This has allowed us to propose the payment of a special dividend this year.

In general terms, we look to hold companies where we can see a clear path to future price appreciation. Sometimes contrarian, our views are not always initially confirmed by a friendly share price movement, but we are prepared to be patient. This latter point is crucial because it can be all too easy to ascribe justification for a share price movement after the event and thus be beguiled into a poor investment or repelled from a future gem.

Given our focus on individual stock ideas, rather than reporting portfolio activity in terms of geography or industry, I thought it more meaningful to discuss the more notable gains and losses, in total return terms, over the year.

Our largest gain came from **Pandora** (+£6.7m), the Danish designer and retailer of jewellery. Demand for its 'affordable luxury' brand remained very strong, while the company continued to benefit from a restructuring of its sales channels.

UnitedHealth (+£6.1m) gained as it became apparent that a consequence of the mergers between US healthcare insurers was an improvement in the pricing power of the larger companies. We sold our holding late in the year as we anticipated that this could become a contentious issue in the US Presidential election campaign.

G-III Apparel (+£5.6m), best known for the Calvin Klein brand in the US, also made a strong contribution. The share price had almost doubled and it was sold as we considered the valuation full for a company exposed to cyclical trends.

Persimmon (+£4.3m), the UK housebuilder, continued to benefit from ideal market conditions whilst the unexpected general election victory of the Conservative Party also removed a perceived political threat.

Microsoft (+£3.7m) had a shaky start to the year as analysts focused on weaker trends in PC sales, but our view that the company has an opportunity to shift a large user base to a more valuable subscription model gained traction later in the year.

BT (+£3.5m), the UK telecoms company, performed well as an amenable regulator provisionally approved the takeover of the mobile operator EE.

Severn Trent (+£3.1m) performed well as the attraction of a generous, secure and growing dividend gained a wider following, while rumours of a potential bid from an infrastructure fund continued to rumble in the background.

Alphabet (+£2.9m), the new holding company name adopted by Google, performed well particularly in the aftermath of this change as the company committed to a greater focus on shareholder returns rather than eclectic projects.

Sampo (+£2.9m), the Finnish insurer, contributed positively as the secure dividend remained attractive.

British Land (+£2.8m) benefited from rising UK commercial property prices prompted by an improving economy and the continued cheap cost of debt finance.

Sydney Airport (+£2.5m) gained due to solid passenger volumes at the city's airport and a new charging agreement with airlines.

Comcast (+£2.5m), best described as a US media conglomerate, was thwarted in an attempt to buy a rival during the year but continued to benefit from a number of factors including increased broadband adoption and the hit 'Minions' film franchise.

Fuchs Petrolub (+£2.3m) performed well as demand for lubricants remained elevated but we sold late in the year as we anticipated future growth might be challenged.

Avery Dennison (+£2.1m), a US based packaging company, has seen the benefit of an extensive restructuring that has refocused the company on higher margin products.

Ross Stores (+£2.1m) performed well in a generally supportive US retail environment. After a period of strong performance, we sold **Continental** (+£2.1m), the German tyre and automotive manufacturer, as we were concerned that slowing Chinese automotive sales would have a future impact.

Our larger losses over the year featured a number of basic resource companies which suffered as oil and industrial commodities fell heavily in value. Portfolio holdings affected by this were **Royal Dutch Shell** (-£4.2m), **National Oilwell Varco** (-£3.1m), **BHP Billiton** (-£2.8m), **Tourmaline Oil** (-£2.0m) and **Freehold Royalties** (-£2.0m).

Towards the end of the year, we made additions to some of our holdings with a higher than average exposure to emerging market growth trends as we judged that the grounds for pessimism were already reflected in share prices. This is a contrarian point of view but one we anticipate ultimately will be fruitful, given the cyclical nature of these companies.

Despite the generally good performance of US retail stocks, our purchase of **Wal-Mart Stores** (-£3.2m), proved unsuccessful and we sold late in the year as we judged cost pressures were unlikely to dissipate in the foreseeable future.

Aspen Pharmacare (-£2.4m) and **Coloplast** (-£2.4m), which performed very well last year, were sold as we felt that slower growth prospects were unlikely to prove temporary. We mistimed an addition to our new purchase of **RSA Insurance** (-£2.0m), an attractive restructuring story, at a share price that was inflated by a potential takeover bid, and were punished as the bidder walked away. Lastly, **Sands China** (-£1.9m) performed poorly as Macau gaming revenues fell heavily but we added late in the year as we judged the share price did not reflect the longer term prospects.

Our larger new purchases tended to be companies with a substantial opportunity to run their operations in a more efficient manner. **Treasury Wine Estates**, an Australian based wine producer and marketer, is repositioning itself as a global branded wine company and will complete a transformational deal by acquiring the wine assets of Diageo at a compelling price.

Rentokil Initial, the UK support services company, is best known as a 1990s 'stockmarket darling' but has spent a long period correcting the mistakes of earlier highly acquisitive growth. The business is now focussed on the attractive pest control business, the value of which has been overlooked during a difficult period.

Kingfisher is a UK listed home improvement retailer which has an opportunity to improve margins by reducing product lines and has the potential to particularly benefit from a pick-up in home improvement activity in the UK and France.

Other new holdings which we think have taken the initial steps to re-energise their operations after long periods in the doldrums include **GlaxoSmithKline**, **Nintendo**, **Sony**, **Panasonic**, **Citigroup**, **ING** and **General Electric**.

This year we have restructured our investment operations to reflect the fact that the portfolio is managed as a unified global entity and to ensure that our costs remain competitive. We now have a more effective structure for decision making. It is our aim to be recognised as an attractive, low-cost and flexible investment vehicle.

Alasdair McKinnon
Manager
4 December 2015

NAV PERFORMANCE ATTRIBUTION

Year to 31 October 2015

Absolute performance	**Contribution**
	%
Equity portfolio (ungeared)	+5.0
Gearing	+0.5
Total equities	+5.5
Other income, tax and currency	-0.1
Buybacks	+0.2
Expenses	-0.7
Interest charges	-0.9
Change in market value of borrowings	+0.0
NAV with borrowings at market value total return	+4.0

Relative to FTSE:	**All-World**	**All-Share**
	%	**%**
NAV with borrowings at market value total return	+4.0	+4.0
Index total return	+4.2	+3.0
Relative performance	-0.2	+1.0

CONTRIBUTORS TO ABSOLUTE PERFORMANCE

Year to 31 October 2015

	Positive contribution %		**Negative Contribution %**
Pandora	0.9	Royal Dutch Shell	-0.6
UnitedHealth*	0.8	Wal-Mart Stores*	-0.4
G-III Apparel*	0.7	National Oilwell Varco	-0.4
Persimmon	0.6	BHP Billiton	-0.4
Microsoft	0.5	Aspen Pharmacare*	-0.3
BT	0.5	Coloplast*	-0.3
Severn Trent	0.4	RSA Insurance	-0.3
Alphabet	0.4	Tourmaline Oil	-0.3
Sampo	0.4	Freehold Royalties	-0.3
British Land	0.4	Sands China	-0.2

*Sold during the year

DISTRIBUTION OF SHAREHOLDERS' FUNDS

By Industry	31 October 2015 %	31 October 2014 %
Oil & Gas	11.6	12.1
Basic Materials	6.1	3.3
Industrials	11.0	11.5
Consumer Goods	17.0	11.0
Health Care	7.0	12.1
Consumer Services	11.4	8.0
Telecommunications	7.1	7.4
Utilities	7.0	4.1
Financials	19.2	20.0
Technology	8.2	15.0
Total equities	105.6	104.5
Net current assets	9.0	10.1
Borrowings at par	(14.3)	(14.2)
Gearing	(5.3)	(4.1)
Pension liability	(0.3)	(0.4)
Shareholders' funds	100.0	100.0

By Region	31 October 2015 %	31 October 2014 %
UK	31.6	20.1
Europe (ex UK)	24.6	31.3
North America	27.1	35.5
Latin America	2.0	2.2
Japan	9.2	4.1
Asia Pacific (ex Japan)	10.8	9.5
Middle East & Africa	-	1.5
Unlisted	0.3	0.3
Total equities	105.6	104.5
Net current assets	9.0	10.1
Borrowings at par	(14.3)	(14.2)
Gearing	(5.3)	(4.1)
Pension liability	(0.3)	(0.4)
Shareholders' funds	100.0	100.0

CHANGES IN ASSET DISTRIBUTION BY INDUSTRY

	31 October 2014 £m	Net purchases (sales) £m	31 October 2015 £m	Appreciation (depreciation) £m	Dividend income £m	Total return £m
Oil & Gas	89.1	10.8	84.7	(15.2)	3.4	(11.8)
Basic Materials	24.3	25.5	44.5	(5.3)	1.4	(3.9)
Industrials	84.9	(14.2)	81.0	10.3	2.2	12.5
Consumer Goods	80.6	28.0	124.6	16.0	2.1	18.1
Health Care	88.5	(38.1)	51.7	1.3	1.6	2.9
Consumer Services	58.8	20.7	83.6	4.1	1.8	5.9
Telecommunications	54.0	(2.8)	52.2	1.0	2.0	3.0
Utilities	30.0	19.4	50.9	1.5	1.7	3.2
Financials[1]	147.1	(1.3)	140.7	(5.1)	5.8	0.7
Technology	109.9	(56.7)	60.3	7.1	1.8	8.9
Total equities	767.2	(8.7)	774.2	15.7	23.8	39.5
Net current assets	74.0	(8.2)	65.8			
Total assets	841.2	(16.9)	840.0			
Long-term borrowings at par	(104.3)	(0.1)	(104.4)			
Pension liability	(2.6)	-	(2.5)			
Shareholders' funds	734.3	(17.0)	733.1			

[1] Includes unlisted

LIST OF INVESTMENTS
as at 31 October 2015

Listed equities

Holding	Country	Market value £'000
Severn Trent	UK	27,243
Microsoft	US	22,847
Sands China	Hong Kong	21,882
Pandora	Denmark	21,750
Treasury Wine Estates	Australia	20,081
Kingfisher	UK	18,886
United Utilities	UK	18,821
Suncor Energy	Canada	17,671
Royal Dutch Shell	UK	17,165
Sumitomo Mitsui Financial	Japan	16,138
Rio Tinto	UK	16,085
Sampo	Finland	15,771
Roche	Switzerland	14,922
British Land	UK	14,542
BHP Billiton	UK	14,156
Comcast	US	13,907
Persimmon	UK	13,767
Sydney Airport	Australia	13,663
BT	UK	13,396
PepsiCo	US	13,035
Pfizer	US	12,836
Rentokil Initial	UK	12,809
BNP Paribas	France	12,699
SAP	Germany	12,511
GlaxoSmithKline	UK	12,280
Associated British Foods	UK	11,747
Johnson & Johnson	US	11,639
Sony	Japan	11,421
Ross Stores	US	11,096
National Oilwell Varco	US	10,981
ING	Netherlands	10,835
General Electric	US	10,730
Total	France	10,669
Alphabet	US	10,354
RSA Insurance	UK	10,200
KDDI	Japan	10,124
Verizon Communications	US	8,664
Baker Hughes	US	8,661
Svenska Handelsbanken	Sweden	8,384
Toyota Motor	Japan	8,376
Inditex	Spain	8,318
Dürr	Germany	7,952
BASF	Germany	7,910
Nintendo	Japan	7,624
Adecco	Switzerland	7,602
Intesa Sanpaolo	Italy	7,563
Citigroup	US	7,469
Standard Life	UK	7,412
Qualcomm	US	7,362
Aeroportuario del Sureste	Mexico	7,347

Holding	Country	Market value £'000
Vinci	France	7,326
Micro Focus International	UK	7,255
Bank of Kyoto	Japan	7,227
DBS	Singapore	7,122
Telstra	Australia	7,083
Ambev	Brazil	7,002
Telenor	Norway	6,906
Jardine Matheson	Singapore	6,807
Chevron	US	6,738
NCC	Sweden	6,732
Panasonic	Japan	6,603
Avery Dennison	US	6,347
Glacier Bancorp	US	6,074
Vodafone	UK	6,034
WPP	UK	5,376
Engie	France	4,894
HSBC	UK	4,584
Exxon Mobil	US	4,505
Vivendi	France	4,136
TGS-NOPEC Geophysical	Norway	3,651
BorgWarner	US	3,243
Tourmaline Oil	Canada	3,010
ANZ Banking	Australia	2,755
Freehold Royalties	Canada	1,631
Total listed equities		**772,344**

Unlisted

Holding	Country	Market value £'000
Heritable Property & Subsidiaries	UK	1,403
Boston Ventures	US	439
Apax Europe V-B	UK	50
Total unlisted		**1,892**
Total equities		**774,236**

INCOME STATEMENT
(unaudited)
for the year to 31 October 2015

	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Net gains on investments held at fair value through profit and loss	-	15,778	15,778	-	4,478	4,478
Net gains/(losses) on currencies	-	3	3	-	(1,993)	(1,993)
Income	24,057	-	24,057	19,854	-	19,854
Expenses	(2,892)	(2,008)	(4,900)	(2,884)	(2,003)	(4,887)
Net Return before Finance Costs and Taxation	21,165	13,773	34,938	16,970	482	17,452
Interest payable	(3,096)	(3,095)	(6,191)	(3,096)	(3,095)	(6,191)
Return on Ordinary Activities before Tax	18,069	10,678	28,747	13,874	(2,613)	11,261
Tax on ordinary activities	(984)	-	(984)	(1,298)	-	(1,298)
Return attributable to Shareholders	17,085	10,678	27,763	12,576	(2,613)	9,963
Return per share	15.91p	9.95p	25.86p	11.51p	(2.39)p	9.12p
Weighted average number of shares in issue during the year		107,353,426			109,263,104	

Dividends paid and proposed	2015 £'000	2014 £'000
Interim 2015 – 5.00p (2014 – 4.80p)	5,366	5,232
Final 2015 – 7.50p (2014 – 7.20p)	7,919	7,781
Special 2015 – 3.50p (2014 – nil)	3,696	-
Total 2015 – 16.00p (2014: 12.00p)	16,981	13,013

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

SUMMARY BALANCE SHEET

(unaudited)

as at 31 October 2015

	2015 £'000	2014 £'000
Equity investments	774,236	767,179
Net current assets	65,769	74,010
Total assets less current liabilities	840,005	841,189
Long-term borrowings at par	(104,399)	(104,283)
Pension liability	(2,550)	(2,613)
Shareholders' funds	733,056	734,293
NAV with borrowings at par	694.3p	679.5p

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

(unaudited)

for the year to 31 October 2015

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return attributable to shareholders	17,085	10,678	27,763	12,576	(2,613)	9,963
Actuarial losses relating to pension scheme	(252)	(175)	(427)	(292)	(203)	(495)
Total recognised gains/(losses) for the year	16,833	10,503	27,336	12,284	(2,816)	9,468
Total recognised gains/(losses) per share	15.68p	9.78p	25.46p	11.24p	(2.57)p	8.67p

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

(unaudited)

for the year to 31 October 2015

	2015 £'000	2014 £'000
Opening shareholders' funds	734,293	750,818
Total recognised gains	27,336	9,468
Dividend payments	(13,147)	(14,685)
Share buybacks	(15,426)	(11,308)
Closing shareholders' funds	733,056	734,293

SUMMARY CASH FLOW STATEMENT

(unaudited)

for the year to 31 October 2015

	2015 £'000	2014 £'000
Net cash inflow from operating activities	17,850	13,367
Servicing of finance	(6,075)	(6,075)
Taxation	205	54
Investing activities	7,188	(21,319)
Dividends paid	(13,147)	(14,685)
Net cash inflow/(outflow) before use of liquid resources and financing	6,021	(28,658)
Management of liquid resources	10,862	44,774
Financing	(15,042)	(11,927)
Increase in cash	1,841	4,189

NOTES:-

The directors recommend a final dividend of 7.50p per share and a special dividend of 3.50p per share which, together with the interim dividend of 5.00p per share paid on 20 July 2015, makes a total of 16.00p for the year. The final and special dividends will cost £11,615,000 and are payable on 4 February 2016 to shareholders registered at 4 January 2016.

The weighted average number of shares in issue throughout the year was 107,353,426 (2014 – 109,263,104) and this figure has been used to calculate the return per share shown in the income statement and statement of total recognised gains and losses. The net asset value per share at 31 October 2015 has been calculated using the number of shares in issue at that date which was 105,587,426 (2014 – 108,066,926).

The financial information set out in the announcement does not constitute the company's statutory accounts for the year ended 31 October 2015 or 2014. The financial information for the year ended 31 October 2014 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditor reported on those accounts; the report was unqualified and did not contain a statement under s498(2) or s498(3) Companies Act 2006. The audit of the statutory accounts for the year ended 31 October 2015 is not yet complete. These will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting on 29 January 2016. The accounting policies applied to these accounts are consistent with those applied on the accounts for the year ended 31 October 2014.

The accounts of the company have been prepared on a going concern basis. It is the opinion of the directors that, as most of the company's assets are readily realisable and exceed its liabilities, it is expected that the company will continue in operational existence for the foreseeable future.

ANALYSIS OF CHANGES IN NET DEBT

	31 October 2014 £'000	Cash flows £'000	Non-cash Movements £'000	31 October 2015 £'000
Cash	12,974	1,841	-	14,815
Short-term deposits	70,000	(10,862)	-	59,138
Long-term borrowings at par	(104,283)	-	(116)	(104,399)
	(21,309)	(9,021)	(116)	(30,446)

GLOSSARY

Total assets means total assets less current liabilities.

NAV is net asset value per share after deducting borrowings at par or market value, as stated.

Ex-income NAV is the NAV excluding current year revenue.

Borrowings at par is the nominal value of the company's borrowings less any unamortised issue expenses.

Borrowings at market value is the company's estimate of the 'fair value' of its borrowings. The current estimated fair value of the company's borrowings is based on the redemption yield of the relevant existing reference gilt plus a margin derived from the spread of BBB UK corporate bond yields (15 years +) over UK gilt yields (15 years +). The reference gilt for the secured bonds is the 6% UK Treasury Stock 2028 and the reference gilt for the perpetual debenture stocks is the longest dated UK Treasury Stock listed in the Financial Times.

Discount is the difference between the market price of a share and the NAV expressed as a percentage of the NAV.

Gross gearing is the geared position if all the borrowings were invested in equities: Borrowings expressed as a percentage of shareholders' funds.

Gearing is the true geared position of the company: Borrowings less cash and equivalents expressed as a percentage of shareholders' funds.