

An impressionistic oil painting of a landscape. In the foreground, a body of water reflects the sky and trees. Several birch trees with white bark and sparse, yellowish-brown leaves stand on a grassy bank. The background shows a hazy, orange-brown landscape under a cloudy sky. The overall style is painterly and atmospheric.

THE SCOTTISH Investment Trust

THE SCOTTISH INVESTMENT TRUST PLC INTERIM REPORT & ACCOUNTS

30 APRIL 2020

Objective of The Scottish Investment Trust PLC

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.

Our High Conviction, Global Contrarian Investment Approach

We are contrarian investors.

We believe markets are driven by cycles of emotion rather than dispassionate calculation. This creates profitable investment opportunities.

We take a different view from the crowd. We seek undervalued, unfashionable companies that are ripe for improvement. We are prepared to be patient.

We back our judgement and run a portfolio of our best ideas, selected on a global basis.

Our portfolio is unlike any benchmark or index and we fully expect to have differentiated performance.

Our approach will not always be in fashion but we believe it delivers above-average returns over the longer term, by which we mean at least five years.

Contents

2	Chairman's Statement
4	Board of Directors
5	Manager's Review
7	Our Approach
7	The Investment Team
8	Financial Summary
9	List of Investments
10	Distribution of Assets

Financial Statements

12	Income Statement
13	Balance Sheet
14	Statement of Comprehensive Income
14	Statement of Changes in Equity
15	Cash Flow Statement
16	Notes

Additional Information

18	Investor Information
19	Glossary
20	Financial Calendar
20	Useful Addresses
21	Keeping in Touch



Chairman's Statement

It has been an extraordinary period. The greatest health pandemic in more than 100 years has overwhelmed the significance of other issues and severely disrupted economic activity.

Markets were, understandably, volatile. A euphoric mood early in the period was replaced by a sudden plunge as the extent of the health crisis became apparent. However, extensive government support ensured that the worst fears about the corporate economy did not immediately come to fruition and markets enjoyed a strong recovery during April.

Performance

During the period, the share price total return was -4.4% and the net asset value per share (NAV) total return (with borrowings at market value) was -5.8%. The Company does not have a formal benchmark but, by way of comparison, the sterling total return of the international MSCI All Country World Index (ACWI) was -5.3% while the UK based MSCI UK All Cap Index total return was -17.5%.

Generally speaking, the portfolio was conservatively positioned which, compared to wider market movements, was a hinderance early in the period and a boon during the turmoil. Some timely and significant portfolio changes made by our Manager with commendable foresight in anticipation of lockdowns in Western markets helped to shield capital from the full impact of the subsequent market correction.

Navigating uncertain times

Our contrarian approach seeks to strike a balance between risk and reward in our investments. This philosophy is grounded in the premise that market behaviour tends to be characterised by an extrapolation of recent trends and that, in time, these trends are pushed to extremes. We, in contrast, continually question consensual thinking and aim to anticipate and position ahead of change.

A key tenet of our philosophy is that protecting capital, as best we can, is an important part of maximising long-term returns. We seek to own businesses that have a sufficient margin of safety to survive shocks. These are always unexpected when they occur, but we believe it is only prudent to build resilience into the portfolio. Such an approach proved beneficial in the recent market turbulence.

We would take no comfort in being part of a crowd that buys an overvalued stock, overly exposed to a change of mood, simply because it is part of an index. Accordingly, our portfolio is constructed without reference to any index. We do not expect the Company's portfolio to match any particular index return over any defined period due to the nature of the portfolio's composition.

Dividend

We have unquestionably entered a more difficult environment for income generation given the curtailment of dividend payments across the stockmarket. However, we have long prepared for such a scenario by building, during more plentiful periods, a substantial revenue reserve amounting, at this interim stage, to more than 2.5 times last year's regular dividend.

The Board's intent with regard to dividends remains unchanged. The Board aims to maintain the Company's long track record of annual regular dividend increases and also its objective to provide regular dividend growth ahead of UK inflation over the longer term. Accordingly, the Board will, subject to shareholder approval, pay an increased regular dividend for the year ending 31 October 2020 which would be the 37th year of consecutive annual increases.

The Board announces a second quarterly dividend of 5.7p. The target is to declare three quarterly interim dividends of 5.7p in the year to 31 October 2020 and to recommend a final dividend of more than 5.7p for approval by shareholders at the Annual General Meeting in 2021. The first quarterly dividend payment, in respect of 2020, of 5.7p was made in May 2020.

Discount and share buybacks

The Company follows a policy that aims, in normal market conditions, to maintain the discount to NAV (with borrowings at market value) at or below 9%. The discount at which the share price traded to the NAV over the period was more volatile than normal, reflecting the extreme market dislocation but finished the period at 6.9%. The average discount over the first half of the year was 9.8%. During the period, 0.1m shares were purchased for cancellation at an average discount of 10.6% and a cost of £0.6m. In the same period last year 0.9m shares were purchased.

Chairman's Statement (continued)

Gearing

The Company was early in recognising the economic threat from Covid-19 and reduced gearing to a net cash position. At 30 April 2020, gearing was -5% (31 October 2019: 1%). In other words, we held all of our borrowings and an additional 5% of net assets in cash. This move was designed to shelter funds from a market decline and to preserve firepower for a period of sustained recovery.

It is our belief that there will be compelling opportunities to deploy gearing when the time is right. We continually assess opportunities to utilise gearing for the long-term benefit of shareholders.

Board composition

Russell Napier retired as a non-executive director at the AGM in February 2020. I would like to reiterate our thanks to Russell for his outstanding contribution over the last ten years.

Outlook

A great deal of uncertainty remains about how, and when, the Covid-19 crisis will end. In time, the worst effects of the virus will pass but there may not be a definitive end and we may, instead, have to adapt to live with it.

The virus brutally exposed a number of systemic fragilities which will no doubt be addressed as the lessons of the crisis are digested. Most obviously, many corporates, in their drive for efficiency, left themselves unable to weather a period of disruption without government support. Meanwhile, the failure of cross-border supply chains to provide critical items at a time of need also represents a further challenge to the trend of globalisation.

Although overlooked in recent months, the longer standing 'known' unknowns remain. The post Brexit trade talks appear to be deadlocked, the relationship between the US and China appears to be deteriorating and the plunge in oil prices has the potential to further destabilise a volatile environment in the Middle East.

A long lasting legacy of the crisis is likely to be the consequences of the 'whatever it takes' actions to preserve jobs and prevent wholesale bankruptcies. Such

a response was unquestionably required but it has had a ruinous effect on government finances and will be very difficult to withdraw. This is not necessarily bad news for equities as the potential for induced inflation could act as a catalyst for the more beaten-down areas of the market. However, at this stage, we maintain our capital preservation mindset.

As a trust with over 132 years of history, we know that shocks are a feature of investing and that they present both threats and opportunities for investors. We believe the current disparity of valuations within markets will favour a contrarian approach and the Company is well placed for the future.



James Will
Chairman
12 June 2020

Board of Directors



James Will

Appointed to the Board in May 2013 and became Chairman in January 2016. Chair of the Nomination Committee.

James is a former Chairman of law firm Shepherd and Wedderburn LLP where he was a senior corporate partner, heading its financial sector practice. He has experience of working with companies in a wide range of industry sectors including financial services, technology, energy and life sciences. He is Chair of Asia Dragon Trust plc and a director of Herald Investment Trust plc.

Shares held: 10,000 **Fees:** £60,000



Jane Lewis

Appointed to the Board in December 2015. Chair of the Remuneration Committee.

Jane is an investment trust specialist who, until August 2013, was a director of corporate finance and broking at Winterflood Investment Trusts. Prior to this, she worked at Henderson Global Investors and Gartmore Investment Management Limited in investment trust business development and at WestLB Panmure as an investment trust broker. She is Chair of Invesco Perpetual UK Smaller Companies Investment Trust PLC and a director of BlackRock World Mining Trust plc, BMO Capital and Income Investment Trust PLC and Majedie Investments PLC.

Shares held: 2,500 **Fees:** £32,500



Mick Brewis

Appointed to the Board in December 2015.

Mick is an experienced investor who was a partner at Baillie Gifford for 21 years, heading the North American equities team and having global asset allocation responsibilities. Prior to that he managed UK equity portfolios at the firm. He has a non-executive advisory role with Castlebay Investment Partners and is a trustee of the National Library of Scotland Foundation.

Shares held: 10,000 **Fees:** £32,500



Karyn Lamont

Appointed to the Board in October 2017. Chair of the Audit Committee.

Karyn is a chartered accountant and former audit partner at PwC. She has over 25 years of experience and provided audit and other services to a range of clients across the UK's financial services sector including a number of investment trusts. Her specialist knowledge includes financial reporting, audit and controls, risk management, regulatory compliance and governance. She is a director of The North American Income Trust plc, The Scottish American Investment Company P.L.C., Scottish Building Society and iomart Group plc.

Shares held: 2,500 **Fees:** £37,500



Neil Rogan

Appointed to the Board in September 2019.

Neil has broad experience of investment companies both as an investment manager and as a non-executive director. He was Head of Global Equities at Gartmore with sole responsibility for Gartmore Global Focus Fund. At Jardine Fleming Investment Management and Fleming Investment Management, he was the lead manager of Fleming Far Eastern Investment Trust for many years. He is Chair of both Murray Income Trust PLC and Invesco Asia Trust plc.

Shares held: 6,000 **Fees:** £32,500

Manager's Review

"There are decades where nothing happens; and there are weeks where decades happen"

Lenin

The coronavirus is an enormous human health challenge which is likely to remain a scourge for some time. Nevertheless, the virus will eventually be brought under some form of control and the world will adopt a new form of 'normal'. There are many opinions on what the new normal might involve but from an economic and stockmarket perspective, there have already been some developments which are likely to have far reaching implications.

The lockdown measures enacted to combat the virus prompted the steepest stockmarket decline in decades and what is likely to prove the worst decline in economic activity since the 1930s Great Depression. Governments have effectively moved to a wartime economic footing because, directly or indirectly, almost every part of the economy required some form of bailout.

It has been apparent for some time that the stimulus measures applied since the financial crash of 2008/9, specifically very low interest rates and quantitative easing (QE), have been a far greater boon to 'Wall Street' than 'Main Street'. When combined with a deflationary pressure on wages, caused by an increasingly globalised economy, the gulf between the 'haves' and 'have nots' has widened.

Some politicians have suggested that the solution to this inequality was to create a new form of stimulus, to be known by names such as 'the People's QE', 'a universal basic income' or even 'helicopter money', that would inject money directly into people's pockets. This strategy was to be financed using Modern Monetary Theory (MMT), which posited that the finances of a sovereign country need not be managed in the manner of a household and, as such, there is no need to attempt to balance the books. With the defeat of Jeremy Corbyn and Bernie Sanders in their respective endeavours, it seemed that such schemes would not see the light of day. However, given the measures adopted by almost every government in recent weeks, perhaps these gentlemen were merely slightly ahead of their time.

Meanwhile, a further lesson from the current crisis has been the catastrophic failure of global supply chains to deliver critical equipment in a timely manner. It would appear that when the chips are down, each country will primarily look after their own. In the future, countries are

likely to rely less heavily on cross border supply chains with the expansion of an indigenous manufacturing base perhaps seen as a strategic imperative.

Navigating the crisis

I had been due to travel to Japan in February and, perhaps because of this, we took particular note of the unknown virus that appeared to be causing misery in China, eventually forcing an effective shutdown of its economy.

Strangely, even though this outbreak was widely reported, as was the fact that the virus had spread internationally, markets seemed relatively unconcerned. As contrarians, we always look for situations where the consensus view looks wrong and were puzzled by this degree of complacency.

We reasoned that it was possible that other countries would be forced to enact the type of lockdown measures being seen in China. Our aim is always to have a degree of downside protection with our investments and when we reviewed our portfolio with this possibility in mind, we considered that for our holdings that relied on discretionary spending it would be impossible to have confidence in their future earnings profile. In fact, for these companies, a shutdown could potentially destroy sales, wipe out profits, imperil dividends and even threaten their ongoing viability. Cheapness would, therefore, likely be illusory. Survival and capital preservation seemed more important factors.

As the news worsened, and we became convinced that lockdowns would indeed be implemented in Western markets, we reduced our holdings in companies which we thought would suffer in this dire situation, while adding to the companies we thought would prove relatively resilient. Our portfolio was generally conservatively positioned but, these changes were made with the aim of sheltering capital thereby maximising our ability to participate in the eventual rebound.

The portfolio

An increased gold price proved a favourable backdrop for our gold mining investments over the interim period.

Newmont (+£16.9m total return) and **Barrick Gold** (+£16.1m) both performed particularly well and they were also boosted by the synergies provided by recent acquisitions. **Newcrest Mining** (-£5.2m) was less successful as a drought temporarily hampered output.

Manager's Review (continued)

We added two South African listed miners, **AngloGold Ashanti** (+£2.4m) and **Gold Fields** (+£1.7m), where we saw opportunities to improve operations.

The mass adoption of working from home highlighted the vital infrastructure that our telecoms investments provide. **KDDI** (+£0.5m) and **China Mobile** (+£0.2m) gained on solid operating performance. However, a decision to add to **BT** (-£11.7m) was ill timed as the market disagreed with our view that the infrastructure arm was undervalued.

We reduced our exposure to retailers, realising profits in **Target** (+£1.9m) which has been rewarded for its efforts to revamp operations for both online and in store transactions. We exited our investments in **Marks & Spencer** (-£1.0m), **Gap** (-£0.3m) and **Macy's** (-£0.1m) as we considered their already poorly performing turnaround plans would become irrelevant in a lockdown scenario. **Tesco** (-£0.5m) held up well as it secured the sale of its Asian assets to refocus on its core UK business.

We substantially reduced our bank investments as profitability looked set to be crimped by the weakening economic outlook. **Lloyds Banking** (-£2.1m), **Royal Bank of Scotland** (-£4.3m), **ING** (-£4.1m) and **BNP Paribas** (-£1.7m) were among those scaled back. Meanwhile, UK real estate group **British Land** (-£5.6m), which seemed poorly positioned as a landlord, was sold.

We reduced many of our energy investments, leaving only high quality oil majors with the greatest flexibility to weather a tough environment. Nevertheless, **Royal Dutch Shell** (-£9.0m), **Exxon Mobil** (-£4.3m), **Total** (-£3.7m) and **Chevron** (-£2.5m) all declined as energy prices weakened.

We established positions in several unloved tobacco stocks such as **British American Tobacco** (+£0.5m), **Philip Morris International** (-£0.3m), **Altria** (-£0.5m) and **KT&G** (-£1.1m). We believe the cash flow and dividend paying potential for these companies is underestimated by the market. US snacks and beverages company, **PepsiCo** (£0.0m) proved hardy as it delivered consistent results from its focus on growing markets and improving productivity.

United Utilities (+£0.9m) rose as the UK general election clarified the political backdrop. During the period, we added several other utilities including **Severn Trent** (-£1.3m), **National Grid** (-£0.8m), **Duke Energy** (-£2.5m) and **Dominion Energy** (-£0.3m).

Within the healthcare sector, our longstanding holdings in **Roche** (+£4.2m) and **Pfizer** (+£1.0m) gained as they maintained a strong focus on innovative medicines to

grow sales, despite downbeat expectations. **Gilead Sciences** (+£3.4m), **Bristol Myers Squibb** (+£0.2m) and **Sanofi** (-£0.4m) were new additions and we believe the market underestimates their ability to sustain and grow sales. Notably, antiviral drug company Gilead Sciences has gained approval for remdesivir as a coronavirus medication.

Outlook

The global economy is already in a severe recession, although it will take some time for the backward looking statistics to confirm this formally.

Having reacted very badly to the onset of the crisis, most stockmarkets have regained substantial ground from their lows. The spread of the virus is no longer a source of negative surprise and the market's focus has now turned to the success of the reopening efforts. Without a medical breakthrough, this could prove to be a difficult slog.

Governments have created a tremendous source of new money that, bluntly, will have to go somewhere. The money printer, to reference a popular internet 'meme' has gone 'Brrrr'. The crisis has allowed the adoption of extraordinary and open ended fiscal and monetary measures that would not previously have been countenanced under the guise of 'prudence'.

Even a partial rolling back of a globalised supply chain would improve the wage negotiating power of the workforce. Additionally, withdrawing the various bailout schemes may prove problematic and employers may need to offer a premium to tempt labour back to work. Both of these considerations seem to plant inflationary seeds, albeit they may be slow growing.

Putting all these factors together, we remain cautious but continuously monitor for signs of fundamental and psychological improvement. Governments now seem determined to create growth and, we suspect, will show increasingly greater tolerance for inflation. This would be a favourable backdrop for a contrarian investor.

Alasdair McKinnon
Manager
12 June 2020

The Investment Team

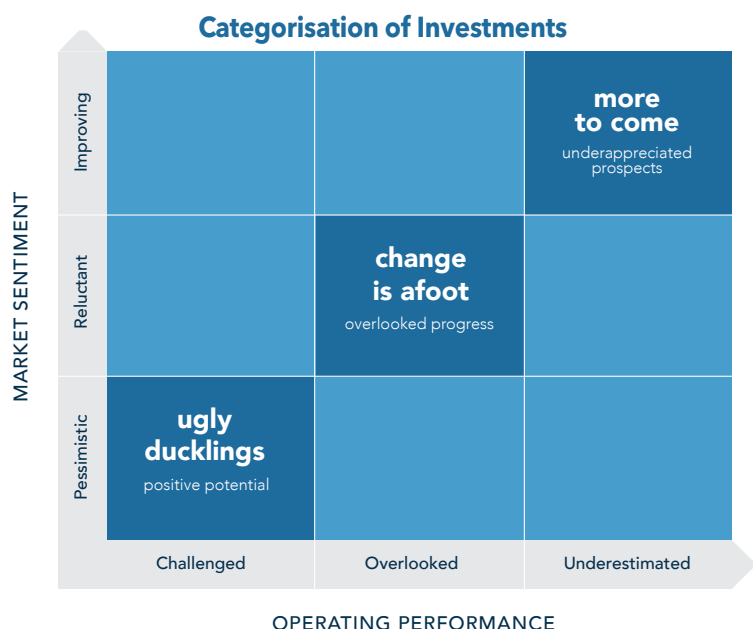
Our Approach

To apply our approach, we divide the stocks in which we invest into three categories.

First, we have those that we describe as **ugly ducklings** – unloved shares that most investors shun. These companies have endured an extended period of poor operating performance and, for the majority, the near-term outlook continues to appear uninspiring. However, we see their out-of-favour status as an opportunity and can foresee the circumstances in which these investments will surprise on the upside.

The second category consists of companies where **change is afoot**. These companies have also endured a long period of poor operating performance but have recently demonstrated that their prospects have significantly improved. However, other investors continue to overlook this change for historical reasons.

In our third category, **more to come**, we have investments that are more generally recognised as good businesses with decent prospects. However, we see an opportunity as we believe there is scope for further improvement that is not yet fully recognised.



Alasdair McKinnon
Manager

Alasdair joined the Company in 2003 and became Manager in 2015. He has 21 years of investment experience. Alasdair is a CFA® charterholder and an Associate of the UK Society of Investment Professionals.



Martin Robertson
Deputy Manager

Martin joined the Company in 2004 and became Deputy Manager in 2015. He has over 30 years of investment experience. Martin is a member of the CFA Institute and an Associate of the UK Society of Investment Professionals.



Mark Dobbie
Investment Manager

Mark joined the Company in 2000 and became an Investment Manager in 2011. He has 9 years of investment experience. Mark is a CFA® charterholder.



Sarah Monaco
Investment Manager

Sarah joined the Company in 2000 and became an Investment Manager in 2002. She has 18 years of investment experience. Sarah is a member of the CFA Institute.



Igor Malewicz
Investment Analyst

Igor joined the Company in 2017.

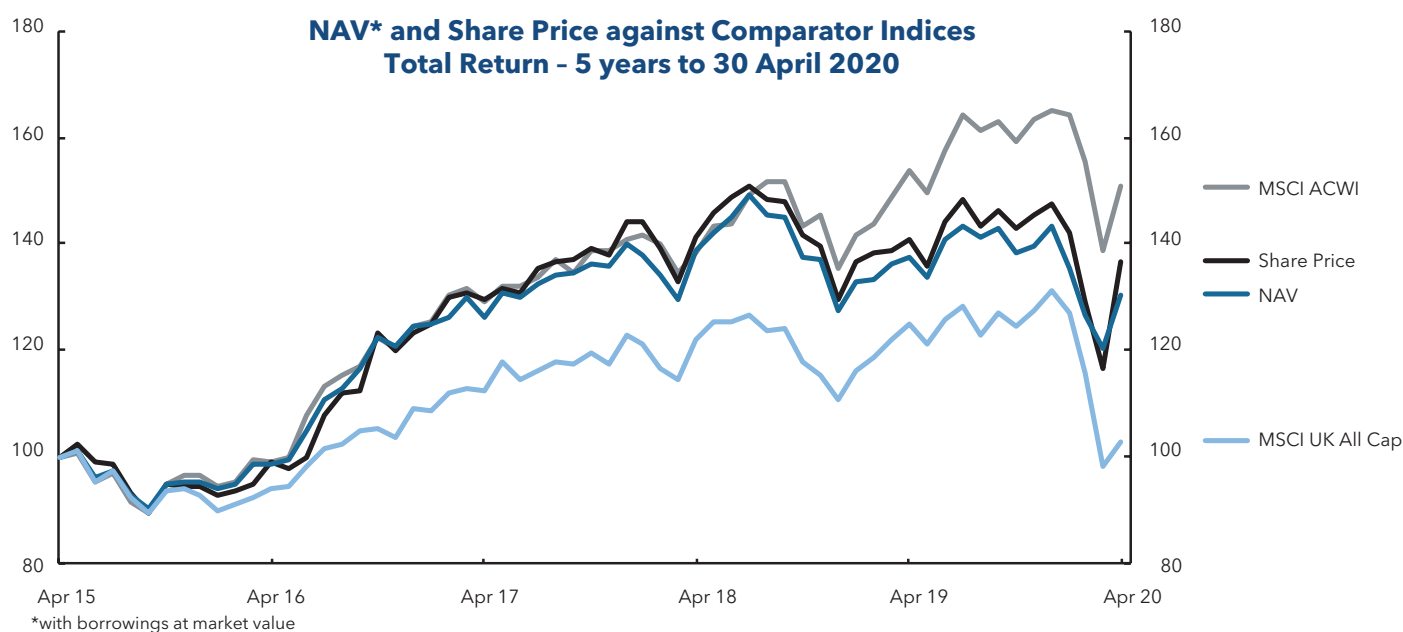
Financial Summary

	30 April 2020	31 October 2019	Change %	Total return %
NAV with borrowings at market value	808.0p	878.5p	(8.0)	(5.8) [§]
NAV with borrowings at amortised cost	843.3p	915.9p	(7.9)	(5.8) [§]
Ex-income NAV with borrowings at market value [§]	804.0p	864.2p	(7.0)	
Ex-income NAV with borrowings at amortised cost	839.2p	901.6p	(6.9)	
Share price	752.0p	807.0p	(6.8)	(4.4)
Discount to NAV with borrowings at market value [§]	6.9%	8.1%		
MSCI ACWI			(6.1)	(5.3)
MSCI UK All Cap Index			(18.8)	(17.5)

	£'000	£'000
Equity investments	589,697	687,820
Net current assets	117,987	74,173
Total assets	707,684	761,993
Long-term borrowings at amortised cost	(83,967)	(83,921)
Pension liability	(1,279)	(1,279)
Shareholders' funds	622,438	676,793

	Six months to 30 April 2020	Six months to 30 April 2019	Change %
Earnings per share	9.73p	12.89p	(24.5)
Dividends per share	11.40p	10.60p	7.5
UK Consumer Prices Index - annual inflation			0.8

[§] Alternative Performance Measures (please refer to Glossary on page 19).



List of Investments

as at 30 April 2020

Listed Equities

Holding	Country	Market value £'000	Cumulative weight %
Newmont	US	47,962	
Barrick Gold	Canada	46,408	
Newcrest Mining	Australia	32,213	
Pfizer	US	24,631	
Roche	Switzerland	23,330	
Gilead Sciences	US	22,438	
Japan Tobacco	Japan	21,708	
United Utilities	UK	18,315	
GlaxoSmithKline	UK	16,942	
PepsiCo	US	16,861	45.9
China Mobile	China	16,336	
BT	UK	16,185	
Severn Trent	UK	15,767	
Kirin	Japan	15,434	
Tesco	UK	15,305	
Duke Energy	US	15,090	
Sanofi	France	14,754	
KT & G	South Korea	13,219	
Verizon Communications	US	12,992	
Chevron	US	11,647	70.8
Bristol-Myers Squibb	US	11,570	
Telstra	Australia	10,662	
Altria	US	10,253	
Deutsche Telekom	Germany	9,767	
Total	France	9,640	
AngloGold Ashanti	South Africa	9,328	
Carrefour	France	9,067	
Gold Fields	South Africa	8,322	
British American Tobacco	UK	7,541	
Orange	France	7,390	86.7
Target	US	7,351	
East Japan Railway	Japan	7,295	
AT&T	US	6,878	
Royal Dutch Shell	UK	6,689	
National Grid	UK	6,652	
KDDI	Japan	5,924	
KPN	Netherlands	5,239	
Exxon Mobil	US	4,993	
Tele2	Sweden	4,378	
Dominion Energy	US	3,118	96.6

Holding	Country	Market value £'000	Cumulative weight %
Philip Morris International	US	3,068	
Sumitomo Mitsui Financial	Japan	2,431	
Bank of Kyoto	Japan	2,088	
Royal Bank of Scotland	UK	1,713	
Mitsubishi UFJ Financial	Japan	1,700	
Lloyds Banking	UK	1,499	
ING	Netherlands	1,283	
BP	UK	1,252	
BNP Paribas	France	1,190	
Adecco	Switzerland	850	99.5
Intesa Sanpaolo	Italy	840	
Standard Chartered	UK	689	
Total listed equities		588,197	99.7

Unlisted

Holding	Country	Market value £'000	Cumulative weight %
Heritable property and subsidiary	UK	1,500	
Total unlisted		1,500	0.3

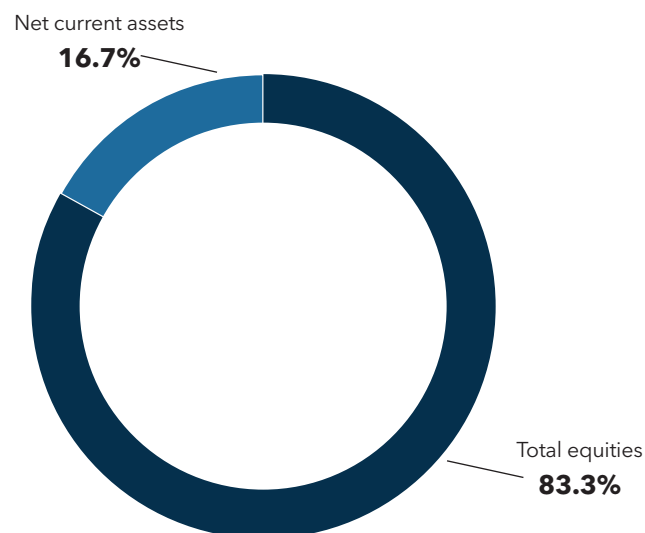
Total investments	589,697	100.0
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Distribution of Assets

Distribution of Total Assets

by Sector	30 April 2020 %	31 October 2019 %
Energy	4.8	11.1
Materials	20.4	14.2
Industrials	1.2	4.0
Consumer Discretionary	1.0	9.5
Consumer Staples	15.9	12.8
Health Care	16.1	8.1
Financials	2.1	11.2
Information Technology	-	-
Communication Services	13.5	15.4
Utilities	8.3	2.3
Real Estate	-	1.7
Net current assets	16.7	9.7
Total assets	100.0	100.0

Allocation of Total Assets as at 30 April 2020



by Region	30 April 2020 %	31 October 2019 %
UK	15.5	22.6
Europe (ex UK)	12.4	19.1
North America	34.7	29.5
Latin America	-	-
Japan	8.0	10.4
Asia Pacific (Ex Japan)	10.2	8.7
Middle East & Africa	2.5	-
Net current assets	16.7	9.7
Total assets	100.0	100.0

Allocation of Shareholders' Funds

	30 April 2020 %
Total equities	94.7
Net current assets	19.0
Borrowings at amortised cost	(13.5)
Pension liability	(0.2)
Shareholders' funds	100.0



Income Statement

	Six months to 30 April 2020 (unaudited)			Six months to 30 April 2019 (unaudited)			Year to 31 October 2019 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net losses on investments held at fair value through profit and loss	-	(45,119)	(45,119)	-	(6,290)	(6,290)	-	(8,651)	(8,651)
Net gains/(losses) on currencies	-	1,201	1,201	-	(1,263)	(1,263)	-	(1,175)	(1,175)
Income	10,005	-	10,005	12,884	-	12,884	28,859	-	28,859
Expenses	(1,128)	(583)	(1,711)	(1,119)	(670)	(1,789)	(2,625)	(1,508)	(4,133)
Net Return before Finance Costs and Taxation	8,877	(44,501)	(35,624)	11,765	(8,223)	3,542	26,234	(11,334)	14,900
Interest payable	(868)	(1,612)	(2,480)	(866)	(1,608)	(2,474)	(1,732)	(3,217)	(4,949)
Return on Ordinary Activities before Tax	8,009	(46,113)	(38,104)	10,899	(9,831)	1,068	24,502	(14,551)	9,951
Tax on ordinary activities	(822)	-	(822)	(1,000)	-	(1,000)	(1,929)	-	(1,929)
Return attributable to Shareholders	7,187	(46,113)	(38,926)	9,899	(9,831)	68	22,573	(14,551)	8,022
Return per share (basic and fully diluted)	9.73p	(62.45)p	(52.72)p	12.89p	(12.80)p	0.09p	29.75p	(19.18)p	10.57p
Weighted average number of shares in issues	73,834,003			76,796,443			75,862,506		

	£'000	£'000	£'000
Dividends payable	8,414	8,051	22,564

Income comprises:

Dividends	9,795	12,336	27,884
Interest	210	548	975
	10,005	12,884	28,859

Balance Sheet

	As at 30 April 2020 (unaudited) £'000	As at 31 October 2019 (audited) £'000	As at 30 April 2019 (unaudited) £'000
Fixed Assets			
Investments	589,697	687,820	712,966
Current Assets			
Debtors	1,780	2,459	3,918
Cash and cash equivalents	116,392	72,378	68,696
	118,172	74,837	72,614
Creditors: liabilities falling due within one year	(185)	(664)	(4,322)
Net Current Assets	117,987	74,173	68,292
Total Assets less Current Liabilities	707,684	761,993	781,258
Creditors: liabilities falling due after more than one year			
Long-term borrowings at amortised cost	(83,967)	(83,921)	(83,875)
Provisions for Liabilities			
Pension liability	(1,279)	(1,279)	(1,337)
Net Assets	622,438	676,793	696,046
Capital and Reserves			
Called-up share capital	18,453	18,474	19,063
Share premium account	39,922	39,922	39,922
Capital redemption reserve	52,408	52,387	51,798
Capital reserve	467,194	513,930	538,026
Revenue reserve	44,461	52,080	47,237
Shareholders' Funds	622,438	676,793	696,046
Net Asset Value per share (basic and fully diluted) with borrowings at amortised cost	843.3p	915.9p	912.9p
Number of shares in issue at period end	73,813,508	73,893,508	76,249,717

Statement of Comprehensive Income

	Six months to 30 April 2020 (unaudited) £'000	Six months to 30 April 2019 (unaudited) £'000	Year to 31 October 2019 (audited) £'000
Total comprehensive income for the period	(38,926)	68	8,255
Total comprehensive income per share	(52.72)p	0.09p	10.88p

Statement of Changes in Equity

	Six months to 30 April 2020 (unaudited) £'000	Six months to 30 April 2019 (unaudited) £'000	Year to 31 October 2019 (audited) £'000
Opening shareholders' funds	676,793	715,312	715,312
Total comprehensive income	(38,926)	68	8,255
Dividend payments	(14,806)	(11,883)	(19,796)
Share buybacks	(623)	(7,451)	(26,978)
Closing shareholders' funds	622,438	696,046	676,793

Cash Flow Statement

	Six months to 30 April 2020 (unaudited) £'000	Six months to 30 April 2019 (unaudited) £'000	Year to 31 October 2019 (audited) £'000
Operating activities			
Net revenue before finance costs and taxation	8,877	11,765	26,234
Expenses charged to capital	(583)	(670)	(1,508)
Decrease/(Increase) in accrued income	718	(1,747)	(91)
Decrease in other payables	(479)	(618)	(135)
Decrease/(Increase) in other receivables	158	80	(80)
Adjustment for pension funding	-	-	175
Tax on investment income	(1,019)	(963)	(1,929)
Cash flows from operating activities	7,672	7,847	22,666
Investing activities			
Purchases of investments	(146,286)	(67,046)	(176,213)
Disposals of investments	200,491	64,129	196,088
Cash flows from investing activities	54,205	(2,917)	19,875
Cash flows before financing activities	61,877	4,930	42,541
Financing activities			
Dividends paid	(14,806)	(7,827)	(19,800)
Share buybacks	(623)	(9,215)	(28,742)
Interest paid	(2,434)	(2,428)	(4,857)
Cash flows from financing activities	(17,863)	(19,470)	(53,399)
Net movement in cash and cash equivalents	44,014	14,540	(10,858)
Cash and cash equivalents at the beginning of period	72,378	83,236	83,236
Cash and cash equivalents at the end of period*	116,392	68,696	72,378

* Cash and cash equivalents represent cash at bank and short-term money market deposits.

Notes

The condensed set of Financial Statements for the six months to 30 April 2020 comprises the statements set out on pages 12 to 15 together with the related notes on this page. It has been prepared in accordance with FRS 104 'Interim Financial Reporting' and the AIC's Statement of Recommended Practice and has not been audited or reviewed by the Auditor pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information'. The condensed set of Financial Statements for the six months to 30 April 2020 has been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Accounts for the year ended 31 October 2019.

The Directors have considered the nature of the Company's principal risks and uncertainties, as set out on page 17 of this report, including the implications of the current Covid-19 pandemic. In addition, the Company has considered its investment objective and policy, assets and liabilities, as well as projections of both income and expenditure and its dividend policy. Of particular note, the assets of the Company comprise mainly equities, listed on recognised exchanges, which are readily realisable and we are not currently utilising gearing, we are holding some additional net assets in cash. It is the opinion of the Directors that the Company is expected to be able to continue in operational existence for the foreseeable future and, hence, the condensed set of Financial Statements have been prepared on a going concern basis.

The information contained in this Interim Report does not constitute statutory accounts as defined in sections 434-436 of the Companies Act 2006. Where applicable, the figures have been extracted from the Annual Report and Accounts for the year ended 31 October 2019 which has been filed with the Registrar of Companies and which contains an unqualified report from the previous Auditor (Deloitte LLP).

The second quarterly interim dividend of 5.7p will be paid on 3 August 2020 to shareholders registered at 3 July 2020, with an ex dividend date of 2 July 2020. This dividend will amount to £4.2m.

The first quarterly interim dividend of £4.2m was paid on 7 May 2020.

Equity investments include the unlisted portfolio of £1.5m (31 October 2019: £1.5m).

The weighted average number of shares in issue during the half-year was 73,834,003 (2019: 76,796,443) and this figure has been used in calculating the return per share shown in the income statement. The net asset value per share at 30 April 2020 has been calculated using the number of shares in issue on that date which was 73,813,508 (31 October 2019: 73,893,508).

Analysis of Changes in Net Debt

	31 October 2019 £'000	Cash flows £'000	Non-cash movements £'000	30 April 2020 £'000
Cash	62,378	(30,986)	-	31,392
Short-term deposits	10,000	75,000	-	85,000
Long-term borrowings at amortised cost	(83,921)	-	(46)	(83,967)
	(11,543)	44,014	(46)	32,425

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are considered under the following categories:

- Strategic
- Investment portfolio and performance
- Financial
- Operational
- Tax, legal and regulatory

Further information on the principal risks and uncertainties are listed on page 15 and detailed on pages 30 and 31 of the 2019 Annual Report and Accounts and, with the exception of the more recently emerging risks posed by the Covid-19 pandemic, they are unchanged from that year. An explanation of these risks and how they are managed is set out in Note 16 on pages 61 to 66 of the 2019 Annual Report and Accounts.

These and other risks facing the Company are reviewed regularly by the Audit Committee and the Board, including the recently identified ongoing risk of the Covid-19 pandemic and its potential impact on the Company and its portfolio. As set out earlier in the Chairman's Statement and the Manager's Review, we have been proactive in reviewing our investment portfolio on an individual stock basis to consider the likely impact of the pandemic on those companies over the medium to longer term and we took some action; we continue to monitor developments on a regular basis. Covid-19 also impacts our third party service providers, who have implemented business continuity plans and have been working almost entirely remotely and the Board is kept informed of any operational issues as they arise.

Responsibility statement

The Board of Directors confirms that to the best of its knowledge:

- a) the condensed set of Financial Statements has been prepared on a going concern basis and in accordance with Financial Reporting Standard 104 and gives a true and fair view of the assets, liabilities, financial position and return of the Company;
- b) the Interim Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 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 Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the board



James Will

Chairman

12 June 2020

Investor Information

How to invest

You can buy the Company's shares directly on the stockmarket through a stockbroker or a share dealing platform. Your bank, lawyer, accountant or other professional adviser may also be able to help with this.

More information on ways to invest can be found in the **How to invest** section of the Company's website www.thescottish.co.uk

Dividends

The second quarterly interim dividend of 5.7p will be paid on 3 August 2020 to shareholders registered at 3 July 2020, with an ex-dividend date of 2 July 2020.

The first quarterly interim dividend of 5.7p was paid on 7 May 2020.

The Board's target is to declare a third quarterly interim dividend of 5.7p payable in November 2020, and to recommend a final dividend of more than 5.7p for approval by shareholders at the Annual General Meeting in 2021.

Dividend reinvestment

Shareholders who hold share certificates

The default arrangement for shareholders who hold share certificates is for dividends to be paid out as income, either by cheque or by direct credit to a bank account. However, shareholders who would prefer to have their dividends automatically re-invested into further purchases of Scottish Investment Trust shares, can easily arrange this by joining the Dividend Reinvestment Plan (DRIP).

Details of the DRIP, together with an application form, can be found in the **Shareholder information** section of our website; www.thescottish.co.uk Alternatively, to receive a DRIP application form and booklet by post, please telephone our Registrar, Computershare Investor Services PLC, on **0370 703 0195**.

Other Shareholders

If your shares are held elsewhere, you should refer to your broker or share dealing platform provider for details of their dividend reinvestment facilities.

Most brokers and platform providers offer a dividend reinvestment service which enables dividends to be automatically reinvested to buy more shares.

Please note that dividend reinvestment is usually a chargeable service; you should establish the cost of any such facility.

Monitoring your investment

The Company's share price, together with performance information, can be found on the Company's website, www.thescottish.co.uk

A number of financial websites, such as the Financial Times, www.ft.com and the London Stock Exchange, www.londonstockexchange.com carry share price information. In addition, the share price is published daily in most quality newspapers.

The Company publishes a daily NAV and a monthly factsheet on its website. An Interim Report is issued in June of each year and the Annual Report is distributed in December.

On the Company's website www.thescottish.co.uk you can find our latest **News & views** as well as educational videos and guides in the **Learning hub**. There is also an option to subscribe for a monthly email roundup. Items of interest to our investors are regularly highlighted on **LinkedIn**, **YouTube** and **Twitter @ScotInvTrust**

Investor Disclosure Document

In accordance with the Financial Conduct Authority rules implementing the EU Alternative Investment Fund Managers Directive (AIFMD), certain information must be made available to investors before they invest. The Company's Investor Disclosure Document can be found on the Company's website www.thescottish.co.uk

Key Information Document

In accordance with the EU Packaged Retail and Insurance-based Investment Products (PRIIP) Regulation, the Company's Key Information Document is available on the Company's website www.thescottish.co.uk

Electronic communications

Shareholders who hold share certificates may choose to receive the Company's Interim and Annual Reports and other shareholder communications electronically instead of by post.

To register, visit the shareholder information section on the Company's website, www.thescottish.co.uk and follow the instructions. Shareholders will then be advised by email when an electronic communication is available.

Other publications

If you would like to receive a monthly email which contains our newsletter, factsheet and other useful insights please register your email address at www.thescottish.co.uk/subscribe More ways of how to keep in touch with The Scottish can be found overleaf.

Glossary

Identifiers

ISIN:	GB0007826091
SEDOL:	0782609
Ticker:	SCIN
LEI:	549300ZL6XSHQ48U8H53

Management

The Board has appointed the Company's wholly-owned subsidiary, S.I.T. Savings Limited, as its Alternative Investment Fund Manager (AIFM). Day-to-day management of the Company is delegated to the Company's executive management which reports directly to the Board.

Performance comparators

The Company does not have a formal benchmark. Performance is reviewed in the context of returns achieved by a broad basket of UK equities through the MSCI UK All Cap Index and of international equities through the MSCI ACWI. The portfolio is not modelled on any index.

Risk warning

Past performance may not be repeated and is not a guide to future performance. The value of shares and the income from them can go down as well as up as a result of market and currency fluctuations. You may not get back the amount you invest.

The Company has a long-term policy of borrowing money to invest in equities in the expectation that this will improve returns but should stockmarkets fall, such borrowings would magnify losses on these investments.

The Company can buy back and cancel its own shares. All other things being equal, this would have the effect of increasing gearing.

Investment in the Company is intended as a long-term investment. Tax rates and reliefs can change in the future and the value of any tax advantages will depend on personal circumstances.

Please remember that we are unable to offer individual investment or tax advice. If you require such advice, you should consult your professional adviser.

S.I.T. Savings Limited is authorised and regulated by the Financial Conduct Authority.

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

Borrowings at amortised cost 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.

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

Gearing[§] is the true geared position of the Company: long-term borrowings less net current assets expressed as a percentage of shareholders' funds.

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

NAV[†] is net asset value per share after deducting borrowings at amortised cost or market value, as stated.

NAV total return[§] is the measure of how the Company's NAV has performed over a period of time, taking into account both capital returns and entitlement to dividends declared by the Company.

Ongoing charges figure[§] is the measure of the regular, recurring costs of the Company expressed as a percentage of the average daily shareholders' funds with borrowings at market value.

Portfolio turnover rate is the average of investment purchases and sales expressed as a percentage of opening total assets.

Share price total return[§] is the measure of how the Company's share price has performed over a period of time, taking into account both capital returns and entitlement to dividends declared by the Company.

Total assets means total assets less current liabilities.

[†] UK GAAP Measure

[§] Alternative Performance Measures ("APMs") are measures not defined in FRS 102. The Company believes that APMs provide shareholders with important information on the Company and are appropriate for an investment trust.

Financial Calendar

Dividend and interest payments

Final for the financial year to	
31 October 2019	14 February 2020
First Quarterly Interim	7 May 2020
Second Quarterly Interim	3 August 2020
Third Quarterly Interim	November 2020
Final	February 2021
Secured bonds	17 April, 17 October
Perpetual debenture stock	30 April, 31 October

Announcement of results

NAV	Daily
Interim figures	June
Final figures	December
Annual Report & Accounts	December

Useful Addresses

Registered office

6 Albyn Place
Edinburgh EH2 4NL
Telephone: **0131 225 7781**
Website: www.thescottish.co.uk
Email: info@thescottish.co.uk
Company Registration Number: **SC001651**

Company Secretary

Maitland Administration Services (Scotland) Limited
20 Forth Street
Edinburgh EH1 3LH

Depository

Northern Trust Global Services SE
50 Bank Street
Canary Wharf
London E14 5NT

Custodian

The Northern Trust Company
50 Bank Street
Canary Wharf
London E14 5NT

Auditor

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Actuaries

XPS Pensions Group
40 Torphichen Street
Edinburgh EH3 8JB

The Association of Investment Companies

The Company is a member of The Association of Investment Companies (AIC) which publishes a number of useful consumer guides and email updates for investors interested in investment trust companies.

The AIC
9th Floor
24 Chiswell Street
London EC1Y 4YY
Telephone: **0207 282 5555**
Website: www.theaic.co.uk

Shareholders who hold share certificates

For valuations and other details of your investment or to notify a change of address please contact the Company's Registrar:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Helpline: **0370 703 0195**
Website: www.investorcentre.co.uk

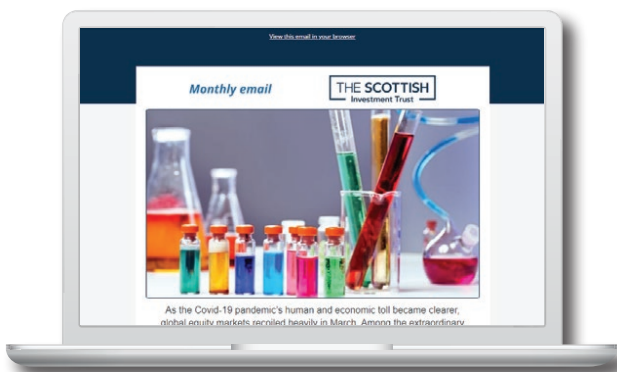
Keeping in Touch

with The Scottish

Newsletter

Together with our Annual Report & Accounts you also received 'The Contrarian', a quarterly newsletter to investors with our latest thinking on a variety of investment related subjects and other key highlights.

If you would like to hear from us more frequently – there are a number of ways to stay in touch.



Monthly email

Sign-up for our monthly email and receive our factsheet with the latest commentary on markets and trends, our contrarian thoughts and insights on a range of investment subjects – directly to your inbox.

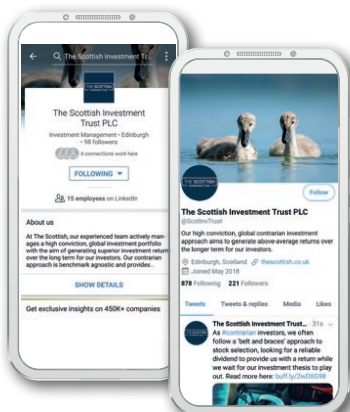
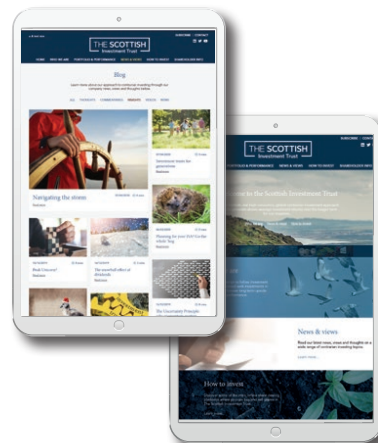
www.thescottish.co.uk/subscribe

Website

Visit www.thescottish.co.uk to keep up-to-date on performance and portfolio statistics, browse through our annual and interim reports and access other key shareholder information.

In our blog, you will find thought provoking articles from our investment team, weekly thoughts, commentaries, videos and more.

www.thescottish.co.uk/blog



Social media

Follow us on social media – be notified about any new content, highlights from events we are attending, coverage in the press and other activities. You can find our social profiles using the information below.



Twitter: [@ScotInvTrust](https://twitter.com/ScotInvTrust)




LinkedIn: [The Scottish Investment Trust PLC](https://www.linkedin.com/company/the-scottish-investment-trust-plc)



YouTube: [The Scottish Investment Trust PLC](https://www.youtube.com/channel/UC...)



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