THE SCOTTISH Investment Trust

Monthly Factsheet
March 2020

ALASDAIR MCKINNON

As the Covid-19 pandemic's human and economic toll became clearer, global equity markets recoiled heavily in March. These dramatic falls sounded the death knell for the long bull market, ending more than a decade of gains since the global financial crisis.

There was some reassurance from China as the month wore on, with data suggesting that the virus had been suppressed there for the time being. But in the Western world, the worst seemed yet to come. As a result, the pandemic will severely dampen the global economy this year.

In an attempt to stave off the worst of the economic damage, politicians and central bankers announced some extraordinary stimulus measures. Among the most dramatic was a $2 trillion fiscal stimulus package in the US. Meanwhile, the Federal Reserve made two emergency rate cuts, taking interest rates close to zero, and pledged unlimited quantitative easing. These measures restored some confidence and helped markets claw back some of their losses.

> "extraordinary stimulus measures"

Oil prices suffered their largest fall since the 1991 Gulf War after a meeting of OPEC+ members, who attempt to support prices by managing supply, ended in discord. Saudi Arabia pledged to ramp up output to squeeze out higher-cost producers. The surplus of oil was exacerbated by Covid19's dampening effect on global demand.

By region, the best stockmarket returns came from Japan, which had been comparatively unscathed by Covid-19 so far. But as the global outbreak escalated, the Tokyo Olympics, scheduled for this summer, were postponed. Latin America suffered the most severe correction, losing almost a third of its value in sterling terms. This reflected the region's reliance on global demand.

Defensive sectors – those that tend to be most resilient to downturns – performed best. These included healthcare and consumer staples. The most badly hit were those most exposed to a worsening economy. Energy was the weakest sector, reflecting the dramatic fall in oil prices. Cyclical areas such as financials, real estate and industrials also fell heavily.

At The Scottish, we noted the muted stockmarket reaction to China's shut down of swathes of its economy in an attempt to stop the virus's spread. Having felt that many investors were not appreciating the growing risks to the global economy, we made some timely changes to our portfolio ahead of the sell off. In essence, we increased investment in companies with resilient revenues and reduced investments that were more reliant on a supportive economy.

Gilead Sciences was one of the companies we added to our portfolio as we sought investments with the greatest resilience to the challenging economic backdrop. In March, its shares performed as we had hoped, gaining 10% as markets fell. The company is a leader in anti-infective drugs, offering more stable sales irrespective of the economic environment. Its strong balance sheet adds to the security of its business. We believe that the discount on which its shares trade relative to its sector peers is unjustified. Moreover, alongside its capacity to weather difficult markets, we see opportunities for Gilead to build its pipeline of promising medicines.

www.thescottish.co.uk/subscribe
Subscribe to receive our newsletter, factsheet and other highlights

Performance

Total return on £100 to 31 March 2020	6 months	1 year	3 years	5 years	10 years
Share price (1)	79.5	83.9	89.1	117.1	176.3
NAV per share (2)	84.1	88.4	92.6	121.1	180.8
MSCI All Countries World Index	85.1	93.3	105.5	137.8	216.6
MSCI UK All Cap Index	77.3	80.4	87.0	101.4	150.5

Summary balance sheet

	31/03/2020	29/02/2020	Total return
Market capitalisation	£476m	£528m	
Total assets	£660m	£698m	
Borrowings at amortised cost	£84m	£84m	
Net assets (3)	£574m	£612m	
NAV (2) per share	751.5p	791.7p	-5.1%
NAV (3) per share	778.1p	829.3p	-6.2%
Share price	645.0p	715.0p	-9.8%

(1) Net income reinvested and before expenses are deducted.

(2) With borrowings at market value (3) With borrowings at amortised cost

The figures refer to the past and past performance is not a reliable indicator of future results. 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. Exchange rate changes may cause the value of non-sterling investments to go down as well as up.

Company information

Company founded	1887
Manager	Alasdair McKinnon
Ongoing charges figure (OCF) *	0.58%
Dividend yield	3.5%
Number of listed holdings	52
Gearing/(net cash) (2)	(6%)
Discount to NAV (2)	14.2%

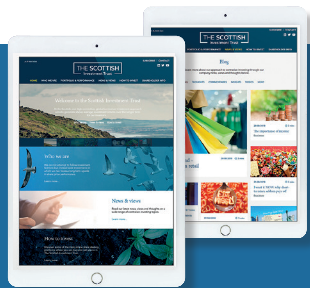
The Company's discount policy aims, in normal market conditions, to maintain the discount to NAV at or below 9%.

*Calculated as at 31/10/19.

Link to our Annual and Interim Reports

Contact US ...to get in touch and find out more

info@thescottish.co.uk 0131 225 7781
The Scottish Investment Trust PLC, 6 Albyn Place, Edinburgh, EH2 4NL
www.thescottish.co.uk
@ScotInvTrust
The Scottish Investment Trust PLC



ABOUT THE SCOTTISH

Our Objective

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.

Link to more about our philosophy, approach and process

Top 10 holdings (31 March 2020)

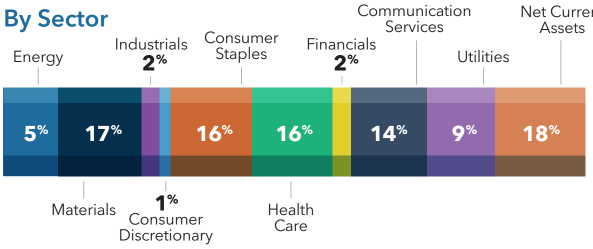
Holding	Sector	Country	£m	%[4]
Newmont	Materials	US	37.1	5.6
Barrick Gold	Materials	Canada	33.6	5.1
Newcrest Mining	Materials	Australia	25.7	3.9
Roche	Health Care	Switzerland	22.2	3.4
Japan Tobacco	Consumer Staples	Japan	21.7	3.3
Pfizer	Health Care	US	21.3	3.2
Gilead Sciences	Health Care	US	20.4	3.1
United Utilities	Utilities	UK	18.3	2.8
BT	Communication Services	UK	16.4	2.5
Kirin	Consumer Staples	Japan	15.9	2.4
Aggregate of top 10 holdings			**232.6**	**35.3**

Link to a full list of holdings

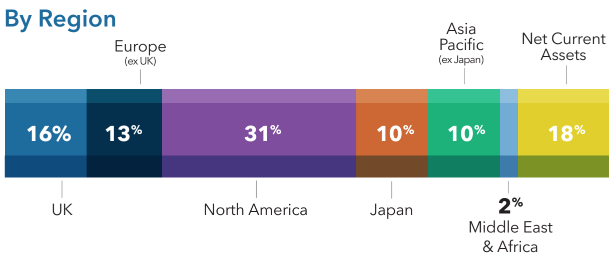
[4] Percentage of total assets

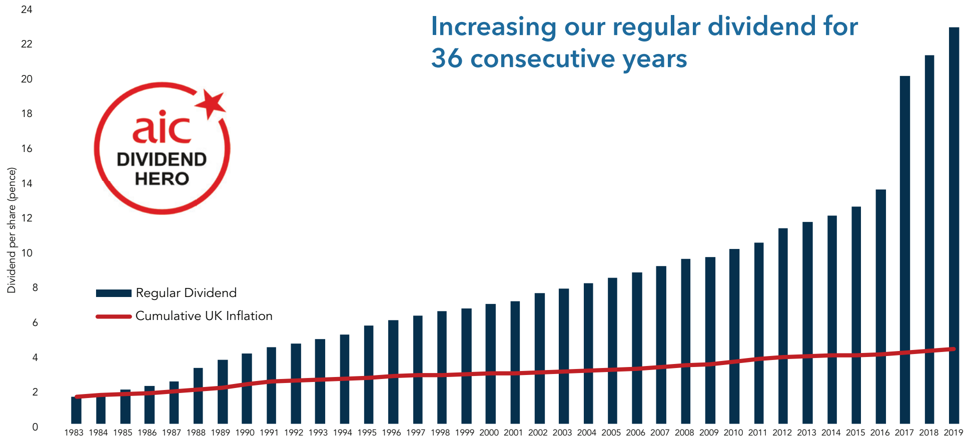
Distribution of total assets (31 March 2020)

By Sector



By Region





QUARTERLY DIVIDEND PAYMENT

FIRST INTERIM	May
SECOND INTERIM	August
THIRD INTERIM	November
FINAL	February

Issued and approved by SIT Savings Ltd, registered in Scotland No: SC91859. Registered office: 6 Albyn Place, Edinburgh, EH2 4NL.
Authorised and regulated by the Financial Conduct Authority.

Telephone: 0131 225 7781 | Email: info@thescottish.co.uk | Website: www.thescottish.co.uk