THE SCOTTISH Investment Trust

Monthly Factsheet
June 2020

ALASDAIR MCKINNON

As the world began to emerge from lockdown, equity markets continued to rally into June. It was a 'seesaw' month, however, on distinctly mixed news. Concerns grew over the risk of a second wave of Covid-19 infections, but central bankers continued to pledge fresh support to minimise the economic impact. Some data was better than expected too, including Chinese manufacturing and US payrolls.

The Federal Reserve's first economic projections since December stressed that the virus could inflict permanent damage on the US economy. A negative market reaction was offset by the Fed's announcement that it would buy individual corporate bonds. Further support came from reports that the Trump administration is considering a $1 trillion infrastructure programme to help revitalise the world's largest economy.

The US saw its biggest daily rise in Covid-19 infections. Southern states seemed worst affected with Texas and Florida dialling back on their reopening whilst additional inter-state quarantine measures were announced. However, the White House remained focused on reopening the economy. The Chinese authorities put Beijing back into lockdown as cases spiked again, and the UK government imposed a local lockdown on Leicester. Some fear that the resurgence in Covid-19 cases might delay an economic rebound.

> "risk of a second wave of Covid-19"

The World Bank predicted the biggest contraction in the global economy since World War II. The International Monetary Fund also slashed its forecast, projecting a deeper recession and slower recovery than it expected just two months ago. The European Central Bank expanded its bond purchases by €600 billion, extending them until at least the end of next June. Although the EU opened its borders to visitors from 15 countries, US citizens remain barred. By the month-end deadline, the UK had not requested a transition extension from the EU – raising the prospect of a no deal Brexit.

International tensions increased. The US Federal Communications Commission designated China's Huawei Technologies and ZTE Corp as national security threats, although President Trump insisted that "the China trade deal is intact". Despite potential repercussions from the US and the UK, China confirmed that it would impose the controversial National Security Law on Hong Kong. Border skirmishes between Chinese and Indian troops resulted in fatalities, and a war of words erupted between China and Australia.

The best performing region was Asia Pacific (ex Japan), as economic data provided support. Latin America and Europe (ex UK) also did well. Japan was the weakest region, on continuing concerns about its economy and a modest spike in infections in Tokyo.

Information technology was the strongest sector, with the tech heavy Nasdaq hitting an all-time high. The main underperformers were the typically defensive utilities and healthcare sectors.

The oil price rose above $40 for the first time since March, helped by stabilising economic data and speculation that OPEC+ members will improve compliance with recently extended production targets.

As the gold price reached its highest level since 2011, this was another strong month for our gold mining holdings – notably Newmont and Barrick Gold, two of the sector's largest, most liquid and widely diversified groups. With economic forecasts bleak, lower-for-longer interest rates and unrestrained stimulus, the outlook for gold exposed stocks remains bright.

Performance

Total return on £100 to 30 June 2020	6 months	1 year	3 years	5 years	10 years
Share price (1)	92.5	94.7	104.3	137.8	235.5
NAV per share (2)	94.6	96.2	104.2	141.1	232.2
MSCI All Countries World Index	100.5	105.2	125.7	174.0	290.8
MSCI UK All Cap Index	81.6	85.1	93.6	112.5	186.2

Summary balance sheet

	30/06/2020	29/05/2020	Total return
Market capitalisation	£553m	£546m	
Total assets	£732m	£722m	
Borrowings at amortised cost	£84m	£84m	
Net assets (3)	£647m	£637m	
NAV (2) per share	840.5p	827.8p	1.5%
NAV (3) per share	877.5p	863.4p	1.6%
Share price	750.0p	740.0p	1.4%

(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.

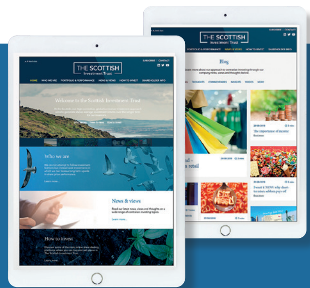
Company information

Company founded	1887
Manager	Alasdair McKinnon
Ongoing charges figure (OCF) *	0.58%
Dividend yield	3.0%
Number of listed holdings	54
Gearing/(net cash) (2)	(5%)
Discount to NAV (2)	10.8%

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 (30 June 2020)

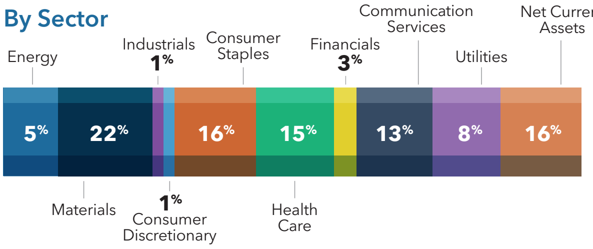
Holding	Sector	Country	£m	%[4]
Newmont	Materials	US	50.9	6.9
Barrick Gold	Materials	Canada	49.6	6.8
Newcrest Mining	Materials	Australia	39.8	5.4
Roche	Health Care	Switzerland	23.7	3.2
Japan Tobacco	Consumer Staples	Japan	21.8	3.0
Pfizer	Health Care	US	21.5	2.9
Gilead Sciences	Health Care	US	21.0	2.9
United Utilities	Utilities	UK	18.5	2.5
Pepsico	Consumer Staples	US	17.2	2.4
Kirin	Consumer Staples	Japan	17.1	2.3
Aggregate of top 10 holdings			**281.1**	**38.3**

Link to a full list of holdings

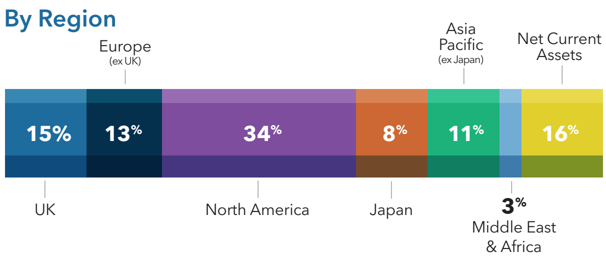
[4] Percentage of total assets

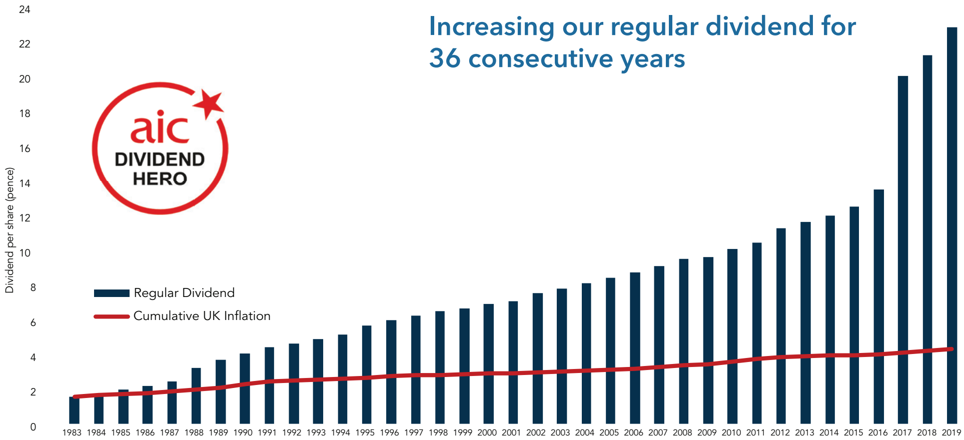
Distribution of total assets (30 June 2020)

By Sector



By Region





QUARTERLY DIVIDEND PAYMENT

FIRST INTERIM	May
SECOND INTERIM	August
THIRD INTERIM	November
FINAL	February

IMPORTANT INFORMATION

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