

An impressionistic landscape painting with thick, textured brushstrokes. The scene depicts rolling hills and a row of trees in the foreground. The color palette is diverse, featuring shades of green, purple, blue, and red, creating a vibrant and somewhat abstract representation of a natural setting. The sky is rendered in light, airy tones, suggesting a bright but slightly overcast day.

THE SCOTTISH

Investment Trust

THE SCOTTISH INVESTMENT TRUST PLC INTERIM REPORT

30 APRIL 2021

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.

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Chairman's Statement

After a tumultuous 2020, the first half of our year, and in particular its second quarter, offered considerably more cause for optimism. Although economic activity remains severely disrupted, the advent of Covid vaccines transformed global economic prospects.

The period marked an important turning point for the world and, potentially, the brightening economic outlook and prospect of higher inflation have set the stage for a major turning point in the investment landscape.

Half-Year Performance

The net asset value per share (NAV) total return (with borrowings at market value) was +14.4% over the half-year period to 30 April 2021. The share price increased from 681p to 780p which, including dividends, meant that the share price total return was +16.4%.

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 +19.8%.

Central banks have put in place extraordinary levels of support during the pandemic and have indicated that this will remain in place for some time. In this environment, the investment team identified companies that it believes will both benefit from the economic recovery and have stronger long-term prospects than are currently appreciated.

The investment team's view is that we have transitioned to a new economic regime. Stimulus and lockdowns have, counterintuitively, left aggregate household finances in a more robust position. Their view is that vast intervention in the economy is here to stay and is likely to boost incomes but may also prove highly inflationary. The portfolio is positioned accordingly.

Review of Investment Management Arrangements

In 2015, the Company adopted a high conviction, global contrarian investment approach. The Board's view was that a period of at least five years would be required to evaluate the Company's returns under this mandate. The Company does not have a formal

benchmark but, by way of comparison, the Company's NAV total return has underperformed the sterling total return of the ACWI over the five years ended 30 April 2021.

The Board therefore announced on 2 June 2021 that it was undertaking a review of the future investment management arrangements of the Company and had appointed Stanhope Consulting to assist it in the review. The Board has invited proposals from established fund management groups, with the experience of managing listed closed-ended funds, designed to deliver, over the longer term, above index returns through a diversified global portfolio of attractively valued companies with good earnings prospects and sustainable dividend growth. Any such proposals will be considered alongside the current management arrangements, which the Board notes have delivered strong recent short-term performance.

There is no certainty that any changes will result from the review. The Board will make further announcements in due course.

The review is focused on ensuring the best long-term outcome for shareholders.

Dividend

As I noted in my previous statement, income generation has been curtailed by the pandemic. Our substantial revenue reserve, built during more plentiful periods, allows us the freedom to invest where we see the best opportunities without interruption to our dividend growth.

The Board announces a second quarterly dividend of 5.8p. This is in line with the target to declare three quarterly interim dividends of 5.8p in the year to 31 October 2021 and to recommend a final dividend of at least 5.8p for approval by shareholders at the Annual General Meeting in 2022. The first 2021 quarterly dividend payment of 5.8p was made in May 2021.

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

Chairman's Statement (continued)

average discount over the first half of the year was 10.6%. During the period, 6.4m shares were purchased for cancellation at an average discount of 10.9% and a cost of £45.6m. In the same period last year 0.1m shares were purchased.

Gearing

At 30 April 2021, gearing was 7% (31 October 2020: 0%). We continually assess opportunities to utilise gearing for the long-term benefit of shareholders.

Recent Performance

The Company's recent short term performance has been strong with the Company's NAV total return (with borrowings at market value) ahead of ACWI by 8.8% and 6.9% respectively over the three and six month time periods to 31 May 2021. Within the AIC Global sector the Company's NAV total return was ranked first over three months and second over six months to 31 May 2021.

Outlook

We have arguably entered a period of sustained economic recovery. Key to this view is the fact that politicians around the world remain focused on boosting their economies.

We remain mindful that the world is in the midst of a pandemic and, accordingly, there remains the potential for further health concerns which would disrupt this recovery.

The investment team believes that the combination of an economic upswing, constrained supply and abundant monetary and fiscal easing may produce a period of above-average inflation. This could create an environment more favourable to the areas of the market that have been unloved in recent years. Despite the recent narrowing of the dispersion of valuations within the market, the gap between the most and least expensive stocks remains high.



James Will
Chairman
18 June 2021

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 and Senior Independent Director.

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 and the OG Bursary Fund.

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, which she left in 2016. 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:** £40,000



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: 10,352* **Fees:** £32,500

*8,456 held personally, 1,896 by members of his family.

Manager's Review

Although it has been well documented that the way we invest has been unfashionable in recent years, we believe we are well positioned for a sustained change in market leadership which may already be underway.

We have explicitly set out to invest in the unpopular areas of the market. Our view is that this is where we will find the best balance of risk and reward for our investments. Just as importantly, we aim to avoid the losses that accrue to investors who are late to join the party in the popular areas of the market.

Since the financial crisis of 2008/9 we have been in a prolonged period of very low interest rates, apparent low inflation and a seeming decline in real living standards for the majority. Meanwhile investment markets have been awash with liquidity provided through quantitative easing (a technical term for printing money) which has not, until very recently, trickled into the 'real' economy.

Covid was a terrible shock to the world but, from an economic point of view, it ushered in a new approach to fiscal and monetary policy. In essence, the concept of a universal basic income has been established and it is now accepted that the State does not have to commit to 'balance the books' on a through the cycle basis.

In the developed world, consumers were better protected during the pandemic than in any downturn in living memory. The build up of household liquidity and the lack of opportunity to spend it means that the release of pent up demand will be a powerful force. Additionally, the rapid roll out of Covid vaccines provides investors with a credible roadmap for the normalisation of activity, albeit the last year has shown that even the best laid plans can be derailed.

We expect very loose fiscal and monetary policy combined with a resurgence in demand and constrained supply to lead to rising prices. Central banks are playing down the prospect of inflation as 'transitory'. But, to coin a phrase, 'they would say that, wouldn't they'. Inflation is a tax which will be used to pay for the current stimulatory measures and erode the value of the vast debt piles accumulated before and during the pandemic.

We have arguably shifted to an era of higher 'top line' growth for companies but fuelled, at least in part, by higher prices rather than greater activity. We could be set for the type of inflation not seen since the 1970s and the challenge will be to maintain the purchasing power of any investment.

While the positive change that we expect from our investments does not rely on any particular macro economic environment, we believe that this changing market regime will provide a tailwind to our portfolio. The recovery and the scope for higher inflation are still deeply underestimated in our view.

Furthermore, the pandemic has been a trigger for companies to push ahead with change that might have been unpalatable in normal times. This is favourable for contrarians with a long term outlook as it speeds up the pace of change.

Almost as soon as the pandemic began, we set about examining stocks that would be best suited for the eventual recovery. A number of such investments were added last year, and the process accelerated in this period.

Banks are able to increase the spread between their borrowing and lending rates when yields are rising. Meanwhile, with the credit outlook improving, the money set aside early in the crisis to cover anticipated bad debts is now more likely to be returned to shareholders. In the consumer areas, weaker competitors may not survive. This allows the stronger players, with financial flexibility and ambition to adapt, to gain market share. As industry and travel return, so will demand for energy production. These areas of the market have provided useful sources of new investments over the period.

Gold miners remain a key constituent of our portfolio. Gold is a tangible store of worth that holds its value even as money printing devalues the purchasing power of 'fiat' currencies. The miners are historically cheap, making exceptional strides to improve the quality of their businesses and have the potential to pay significantly higher dividends to shareholders over time.

The portfolio

It was a busier period for portfolio activity as we shifted further from the relatively defensive position that we had adopted at the outset of the pandemic, to a firm recovery footing. Several new investments were added to the portfolio, taking advantage of depressed valuations to buy into stocks that can capitalise on the improving outlook, but also where we could see the prospect of positive change unrelated to any particular macro economic outcome.

Among consumer discretionary investments, we added US restaurant group **Cheesecake Factory** (+£4.5m total return) which looks set to be a long term winner in the casual dining segment. Another new addition is theme park operator **Six Flags Entertainment** (+£3.0m), where efforts to boost profitability provide additional leverage to the recovery as visitors return. Meanwhile, **Whitbread** (-£0.1m), the owner of leading UK hotel chain Premier Inn, is poised to deliver meaningful growth, capitalising on its financial flexibility, strong brand, and integrated model.

Several retail and consumer goods companies entered the portfolio. **Capri** (+£4.0m), owner of fashion houses Michael Kors, Versace and Jimmy Choo, is undergoing a turnaround to unlock the full potential of its strong brands. **Hennes & Mauritz** (+£0.8m), the Swedish fashion retailer better known as H&M, is enhancing its strong market position with an innovative online proposition. Meanwhile, UK based DIY group **Kingfisher** (+£3.6m) has seen a surge in DIY interest during the pandemic, but also stands to benefit from improving trends long beyond lockdowns. We completely sold US retailer **Target** (+£1.5m), crystallising solid gains over our holding period.

Manager's Review (continued)

as the successful transformation of its online and physical retail channels, a strategy that was particularly advantageous during lockdowns, became widely recognised.

Among our consumer staples investments, **Tesco** (+£2.6m) was sold having successfully restored their strong customer proposition and robust profitability. For our tobacco stocks, we believe that too little credit is given to the durability of cash flows and the transition to lower risk products. Our investment in the sector consists of **Altria** (+£2.2m) and **Philip Morris International** (+£0.8m) with **British American Tobacco** (+£0.7m), **KT&G** (-£0.2m) and **Japan Tobacco** (-£0.6m) being sold during the period.

Our largest gain came from **BT** (+£9.3m). Its turnaround had been obscured by the pandemic, but clarity on fibre regulation alongside the improving economic outlook supported a rebound. Elsewhere within telecoms, Dutch operator **KPN** (+£1.3m) has been the centre of takeover speculation, highlighting its strong market position and efforts to boost cash flow. We exited holdings in **Telstra** (+£2.4m), **Deutsche Telekom** (+£1.0m), **China Mobile** (£0.9m) and **Verizon Communications** (-£1.2m) and added South African telecoms multinational **MTN** (+£1.7m), which is undergoing a revival and reshaping of its business after overcoming historic challenges.

The biggest source of disappointment was our gold miners which, following very strong performance in the prior year, lagged in this period. We believe that the building inflationary pressures are not yet fully recognised, and we foresee another leg higher for gold. **Barrick Gold** (-£11.4m), **Newmont** (-£3.9m), **Newcrest Mining** (-£2.3m), **AngloGold Ashanti** (-£2.3m) and **Gold Fields** (-£1.7m) all declined.

Our energy investments were lifted by the recovering demand for oil, including **Exxon Mobil** (+£4.8m), **BP** (+£4.4m), **Total** (+£3.8m), **Royal Dutch Shell** (+£2.2m) and **Halliburton** (+£1.5m). **Chevron** (+£2.2m) was sold and a new position was taken in US driller **Helmerich & Payne** (-£0.2m) which stands to benefit from its advantaged position versus competitors as well as the more favourable industry dynamics.

A recent investment in UK support services group **Babcock International** (+£0.8m) got off to a good start, aided by the new CEO's efforts to reverse an extended period of poor operating performance. We also added Brazilian transport infrastructure operator **CCR** (-£0.1m) which has an opportunity to expand its portfolio of concessions across Latin America while participating in the recovery for travel. The rising likelihood of a return to travel also helped **East Japan Railway** (+£0.2m). **Royal Mail** (+£0.3m) gained as it capitalised on rising parcel volumes, while repaired industrial relations paved the way for operational improvements. Meanwhile, we established a position in US industrial equipment giant **General Electric** (+£0.9m), which is undergoing a significant turnaround under new leadership.

In healthcare, French healthcare giant **Sanofi** (+£1.2m) continues to reshape its business with a view to boosting growth. During the period, we added German healthcare and chemicals group **Bayer** (+£0.1m), where focus is returning to its strong operational outlook as past problems near a resolution.

We reduced our exposure to utilities in the period, including **United Utilities** (+£2.2m), **Duke Energy** (-£1.0m), **Dominion Energy** (-£0.2m), **National Grid** (-£0.3m), and **Severn Trent** (-£0.5m).

In Financials, many of our investments benefited from the improving lending outlook. Our bank investments included gains from **Banco Santander** (+£4.9m), **First Horizon National** (+£2.8m), **Lloyds Banking** (+£2.0m), **HSBC** (+£1.6m), **Intesa Sanpaolo** (+£1.5m) and **Mitsubishi UFJ Financial** (+£1.2m). A new position in US bank **Wells Fargo** (+£6.3m) made solid gains. Wells Fargo's efforts to overcome legacy issues and grow profitability are not reflected in the lowly valuation in our view. We also added Brazilian bank **Itaú Unibanco** (-£1.3m), which despite declining in the period, is well placed to participate in the country's improving interest rate outlook. We completely sold **JPMorgan Chase** (+£2.8m), locking in profits as diminishing credit concerns drove a rapid recovery for the shares. US insurer **AIG** (+£0.2m) is another new purchase and we believe that hardening prices and self help are not reflected in the discounted valuation. We also added **Aviva** (+£1.3m), the UK multinational insurer, which is streamlining its business by monetising lower return overseas operations to refocus its core UK business where it enjoys scale and brand strength. Meanwhile, Dutch life insurer **Aegon** (+£3.3m) made further good progress with its transformation strategy.

Outlook

We are on course for an impressive economic rebound. Of course, it cannot yet be said that the pandemic is over and indeed, we can foresee scenarios where the health situation gets worse before it gets better.

Government and central bank support looks set to remain in place for the foreseeable future. The ingredients for rising inflation are in position and, if this is correct, then most investors are unprepared.

The combination of these factors brings sales and earnings growth to a broader cohort of stocks than has been the case in recent years. We believe this will fuel the nascent rotation into the more lowly valued segments of the market which we favour. This is a positive environment for contrarian investors.

Alasdair McKinnon
Manager
18 June 2021

The Investment Team

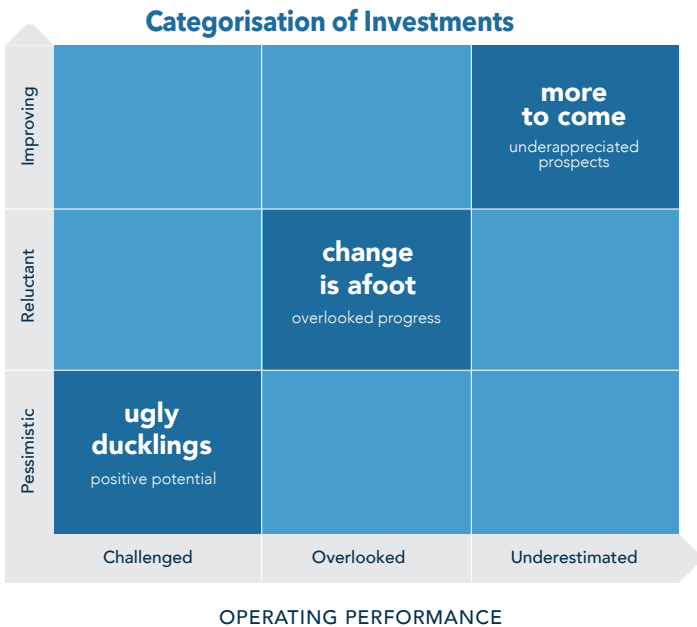
Our Approach

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 22 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 10 years of investment experience. Mark is a CFA® charterholder.



James Webb
Investment Manager

James joined the Company as an Investment Manager in 2020. He has 8 years of investment experience. James holds the CFA UK's Investment Management Certificate.



Igor Malewicz
Investment Analyst

Igor joined the Company in 2017.

Financial Summary

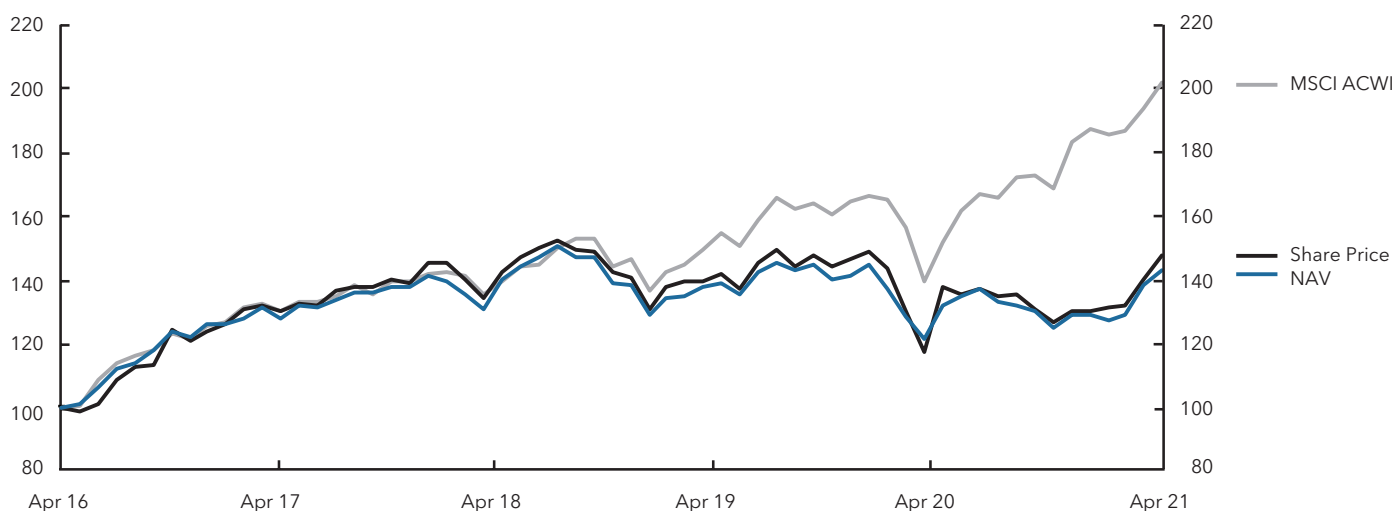
	30 April 2021	31 October 2020	Change %	Total return %
NAV with borrowings at market value	851.6p	755.5p	+12.7	+14.4 [§]
NAV with borrowings at amortised cost	891.2p	793.6p	+12.3	+13.9 [§]
Ex-income NAV with borrowings at market value [§]	845.3p	750.9p	+12.6	
Ex-income NAV with borrowings at amortised cost	884.9p	789.0p	+12.2	
Share price	780.0p	681.0p	+14.5	+16.4
Discount to NAV with borrowings at market value [§]	8.4%	9.9%		
MSCI ACWI			+19.0	+19.8

	£'000	£'000
Equity investments	634,256	581,235
Pension surplus	1,161	1,161
Net current assets	41,989	80,542
Total assets	677,406	662,938
Long-term borrowings at amortised cost	(84,059)	(84,013)
Pension scheme deferred tax on surplus	(406)	(406)
Shareholders' funds	592,941	578,519

	Six months to 30 April 2021	Six months to 30 April 2020	Change %
Earnings per share	11.58p	9.73p	19.0
Dividends per share	11.60p	11.40p	1.8
UK Consumer Prices Index - annual inflation			1.5

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

NAV* and Share Price against Comparator Index Total Return - 5 years to 30 April 2021



*with borrowings at market value

Chart data source: Bloomberg and the Company

List of Investments

as at 30 April 2021

Listed Equities

Holding	Country	Market value £'000	Cumulative weight %	Holding	Country	Market value £'000	Cumulative weight %
Newmont	US	32,537		Capri	US	6,801	
Newcrest Mining	Australia	32,391		Adecco	Switzerland	6,584	
Barrick Gold	Canada	29,316		Bristol-Myers Squibb	US	6,312	
BT	UK	24,671		Whitbread	UK	6,164	
Wells Fargo	US	23,265		AT&T	US	5,967	
Cheesecake Factory	US	21,741		Bayer	Germany	5,943	
Banco Santander	Spain	20,038		HSBC	UK	4,260	
Exxon Mobil	US	19,680		Tele2	Sweden	3,979	
East Japan Railway	Japan	18,681		Royal Mail	UK	3,581	
Total	France	16,359	37.6	Philip Morris International	US	3,568	
Kingfisher	UK	16,196		CCR	Brazil	3,063	
Royal Dutch Shell	UK	15,936		PageGroup	UK	961	
Halliburton	US	15,928		Total listed equities		631,881	99.6
BP	UK	15,832					
Gilead Sciences	US	15,495					
AngloGold Ashanti	South Africa	15,215					
Six Flags Entertainment	US	15,108					
Sanofi	France	14,454					
Kirin	Japan	14,416					
Mitsubishi UFJ Financial	Japan	13,562	61.6				
AIG	US	13,277					
United Utilities	UK	12,952					
Gold Fields	South Africa	12,397					
Itaú Unibanco	Brazil	10,957					
Carrefour	France	10,838					
Intesa Sanpaolo	Italy	10,586					
Ambev	Brazil	10,204					
Helmerich & Payne	US	9,090					
Pfizer	US	8,989					
Aegon	Netherlands	8,874	78.7				
Lloyds Banking	UK	8,413					
MTN	South Africa	8,078					
Altria	US	8,000					
Babcock International	UK	7,941					
First Horizon	US	7,715					
Publicis	France	7,162					
Aviva	UK	7,162					
KPN	Netherlands	7,122					
General Electric	US	7,060					
Hennes & Mauritz	Sweden	7,060	90.6				

Unlisted

Holding	Country	Market value £'000	Cumulative weight %
Heritable property and subsidiary	UK	2,375	
Total unlisted		2,375	0.4
Total investments		634,256	100.0

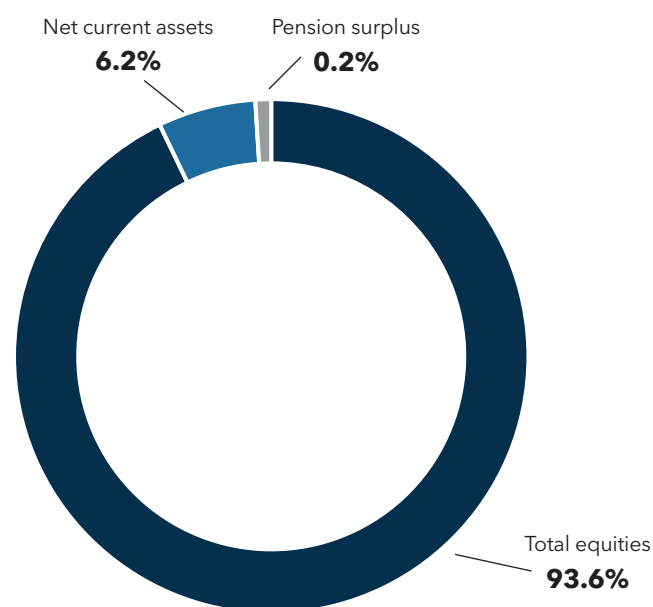
Distribution of Assets

Distribution of Total Assets

by Sector	30 April 2021 %	31 October 2020 %
Energy	13.7	4.9
Materials	18.0	22.9
Industrials	7.1	0.9
Consumer Discretionary	10.8	1.9
Consumer Staples	6.9	15.7
Health Care	7.5	14.5
Financials	19.3	5.0
Information Technology	-	-
Communication Services	8.4	13.0
Utilities	1.9	8.9
Real Estate	-	-
Pension surplus	0.2	0.2
Net current assets	6.2	12.1
Total Assets	100.0	100.0

by Region	30 April 2021 %	31 October 2020 %
UK	18.6	15.6
Europe (ex UK)	17.5	13.5
North America	36.9	36.6
Latin America	3.6	0.4
Japan	6.9	7.9
Asia Pacific (Ex Japan)	4.8	10.8
Middle East & Africa	5.3	2.9
Pension surplus	0.2	0.2
Net current assets	6.2	12.1
Total Assets	100.0	100.0

Allocation of Total Assets



Allocation of Shareholders' Funds

	%
Total equities	107.0
Pension surplus	0.2
Net current assets	7.1
Borrowings at amortised cost	(14.2)
Provisions for liabilities	(0.1)
Shareholders' funds	100.0



Income Statement

	Six months to 30 April 2021 (unaudited)			Six months to 30 April 2020 (unaudited)			Year to 31 October 2020 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net gains/(losses) on investments held at fair value through profit and loss	-	63,434	63,434	-	(45,119)	(45,119)	-	(78,698)	(78,698)
Net (losses)/gains on currencies	-	(1,017)	(1,017)	-	1,201	1,201	-	818	818
Income	11,179	-	11,179	10,005	-	10,005	21,737	-	21,737
Expenses	(1,175)	(665)	(1,840)	(1,128)	(583)	(1,711)	(2,346)	(1,069)	(3,415)
Net Return before Finance Costs and Taxation	10,004	61,752	71,756	8,877	(44,501)	(35,624)	19,391	(78,949)	(59,558)
Interest payable	(866)	(1,608)	(2,474)	(868)	(1,612)	(2,480)	(1,732)	(3,217)	(4,949)
Return on Ordinary Activities before Tax	9,138	60,144	69,282	8,009	(46,113)	(38,104)	17,659	(82,166)	(64,507)
Tax on ordinary activities	(1,039)	-	(1,039)	(822)	-	(822)	(1,673)	-	(1,673)
Return attributable to Shareholders	8,099	60,144	68,243	7,187	(46,113)	(38,926)	15,986	(82,166)	(66,180)
Return per share (basic and fully diluted)	11.58p	86.00p	97.58p	9.73p	(62.45)p	(52.72)p	21.70p	(111.52)p	(89.82)p
Weighted average number of shares in issue	69,931,830			73,834,003			73,677,432		

	£'000	£'000	£'000
Dividends payable	7,725	8,411	16,924

Income comprises:

Dividends	11,176	9,795	21,521
Interest	3	210	216
	11,179	10,005	21,737

Balance Sheet

	As at 30 April 2021 (unaudited) £'000	As at 31 October 2020 (audited) £'000	As at 30 April 2020 (unaudited) £'000
Fixed Assets			
Investments	634,256	581,235	589,697
Non-current Assets			
Pension surplus	1,161	1,161	-
Current Assets			
Debtors	5,928	7,188	1,780
Cash and cash equivalents	42,705	75,981	116,392
	48,633	83,169	118,172
Creditors: liabilities falling due within one year	(6,644)	(2,627)	(185)
Net Current Assets	41,989	80,542	117,987
Total Assets less Current Liabilities	677,406	662,938	707,684
Creditors: liabilities falling due after more than one year			
Long-term borrowings at amortised cost	(84,059)	(84,013)	(83,967)
Provisions for Liabilities			
Pension scheme deferred tax on surplus	(406)	(406)	-
Pension liability	-	-	(1,279)
Net Assets	592,941	578,519	622,438
Capital and Reserves			
Called-up share capital	16,632	18,224	18,453
Share premium account	39,922	39,922	39,922
Capital redemption reserve	54,229	52,637	52,408
Capital reserve	437,945	423,402	467,194
Revenue reserve	44,213	44,334	44,461
Shareholders' Funds	592,941	578,519	622,438
Net Asset Value per share (basic and fully diluted) with borrowings at amortised cost	891.2p	793.6p	843.3p
Number of shares in issue at period end	66,529,521	72,896,247	73,813,508

Statement of Comprehensive Income

	Six months to 30 April 2021 (unaudited) £'000	Six months to 30 April 2020 (unaudited) £'000	Year to 31 October 2020 (audited) £'000
Return attributable to shareholders	68,243	(38,926)	(66,180)
Actuarial losses relating to pension scheme	-	-	(1,176)
Pension scheme deferred tax on surplus	-	-	(406)
Total comprehensive income for the period	68,243	(38,926)	(67,762)
Total comprehensive income per share	97.58p	(52.72)p	(91.97)p

Statement of Changes in Equity

	Six months to 30 April 2021 (unaudited) £'000	Six months to 30 April 2020 (unaudited) £'000	Year to 31 October 2020 (audited) £'000
Opening shareholders' funds	578,519	676,793	676,793
Total comprehensive income	68,243	(38,926)	(67,762)
Dividend payments	(8,220)	(14,806)	(23,178)
Share buybacks	(45,601)	(623)	(7,334)
Closing shareholders' funds	592,941	622,438	578,519

Cash Flow Statement

	Six months to 30 April 2021 (unaudited) £'000	Six months to 30 April 2020 (unaudited) £'000	Year to 31 October 2020 (audited) £'000
Operating activities			
Net revenue before finance costs and taxation	10,004	8,877	19,391
Expenses charged to capital	(665)	(583)	(1,069)
Decrease in accrued income	19	718	278
Increase/(decrease) in other payables	3,456	(479)	(60)
Decrease in other receivables	1	158	158
Adjustment for pension funding	-	-	(3,616)
Tax on investment income	(1,146)	(1,019)	(1,637)
Cash flows from operating activities	11,669	7,672	13,445
Investing activities			
Purchases of investments	(303,807)	(146,286)	(178,725)
Disposals of investments	314,412	200,491	203,970
Cash flows from investing activities	10,605	54,205	25,245
Cash flows before financing activities	22,274	61,877	38,690
Financing activities			
Dividends paid	(8,220)	(14,806)	(23,178)
Share buybacks	(44,902)	(623)	(7,052)
Interest paid	(2,428)	(2,434)	(4,857)
Cash flows used in financing activities	(55,550)	(17,863)	(35,087)
Net movement in cash and cash equivalents	(33,276)	44,014	3,603
Cash and cash equivalents at the beginning of period	75,981	72,378	72,378
Cash and cash equivalents at the end of period*	42,705	116,392	75,981

* 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 2021 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 2021 has been prepared on the basis of the same accounting policies as set out in the Company's Annual Report for the year ended 31 October 2020.

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. 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 has 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 for the year ended 31 October 2020 which has been filed with the Registrar of Companies and which contains an unqualified report from the Auditor.

The second quarterly interim dividend of 5.8p will be paid on 2 August 2021 to shareholders registered at 2 July 2021, with an ex dividend date of 1 July 2021. This dividend will amount to £3.8m.

The first quarterly interim dividend of £3.9m was paid on 10 May 2021.

Equity investments include the unlisted portfolio of £2.4m (31 October 2020: £2.4m).

The weighted average number of shares in issue during the half-year was 69,931,830 (2020: 73,834,003) 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 2021 has been calculated using the number of shares in issue on that date which was 66,529,521 (31 October 2020: 72,896,247).

Analysis of Changes in Net Debt

	31 October 2020 £'000	Cash flows £'000	Non-cash movements £'000	30 April 2021 £'000
Cash	25,981	1,724	-	27,705
Short-term deposits	50,000	(35,000)	-	15,000
Long-term borrowings at amortised cost	(84,013)	-	(46)	(84,059)
	(8,032)	(33,276)	(46)	(41,354)

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 is listed on page 15 and detailed on pages 33 and 34 of the 2020 Annual Report; they are broadly unchanged from that year. An explanation of these risks and how they are managed is set out in Note 16 on pages 66 to 69 of the 2020 Annual Report.

These and other risks facing the Company are reviewed regularly by the Audit Committee and the Board, including the ongoing risks of the Covid-19 pandemic and the current review of investment management arrangements and their potential impact on the Company and its portfolio; 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

18 June 2021

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 5.8p will be paid on 2 August 2021 to shareholders registered at 2 July 2021, with an ex-dividend date of 1 July 2021.

The first quarterly interim dividend of 5.8p was paid on 10 May 2021.

The Board's target is to declare a third quarterly interim dividend of 5.8p payable in November 2021, and to recommend a final dividend of at least 5.8p for approval by shareholders at the Annual General Meeting in 2022.

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.

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 on page 21.

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 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.

[†] 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.

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.

Financial Calendar

Dividend and interest payments

Final for the financial year to	
31 October 2020	February 2021
First Quarterly Interim	May 2021
Second Quarterly Interim	August 2021
Third Quarterly Interim	November 2021
Final	February 2022
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	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 Limited
Hamilton Centre
Rodney Way
Chelmsford CM1 3BY

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

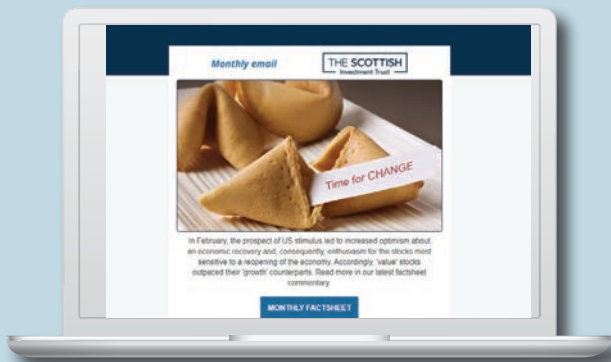
Keeping in Touch

with The Scottish

Newsletter

Together with our Interim Report 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.

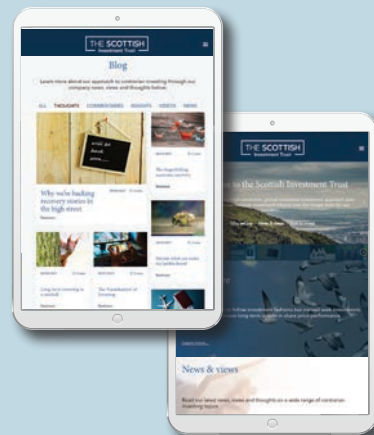
www.thescottish.co.uk/subscribe

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



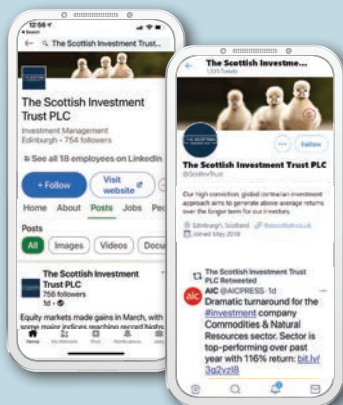
Social media

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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 @ScotInvTrust

  The Scottish Investment Trust