THE SCOTTISH
Investment Trust

THE SCOTTISH INVESTMENT TRUST PLC
INTERIM REPORT & ACCOUNTS

30 APRIL 2022

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.

Contents

Chairman's Statement

Half-Year Performance

The net asset value per share (NAV) total return (with borrowings at market value) was +7.1% over the half year period to 30 April 2022. The share price increased from 820p to 880p which, including dividends, meant that the share price total return was +8.9%, reflecting the narrowing of the share price discount to net asset value from 3.6% at the previous financial year end to 3.1% at the period end. Whilst the Company does not have a formal benchmark, by way of comparison, the sterling total return of the MSCI All Country World Index ("ACWI") was -3.5%. It is pleasing to report on this strong relative performance against the current market backdrop in a very challenging environment.

The Investment Managers provide a detailed commentary on market developments, portfolio activity and the outlook in their Report on pages 5 to 7.

Dividend

The Board announced a second quarterly interim dividend of 6.1p per share payable on 15 July 2022 to shareholders on the register on 24 June 2022. The ex-dividend date is 23 June 2022. The current dividend policy will remain unchanged until the proposed combination of the Company's assets with JPMorgan Global Growth & Income plc ("JGGI") is implemented, although the timing of any dividend payments may vary from previous years. The Board has previously declared a first quarterly interim dividend of 6.1p per share, equal to a quarter of the previous year's total dividend. This was paid to shareholders on 13 May 2022. It is expected that a further interim dividend will be paid prior to the proposed combination with JGGI ("the Combination") becoming effective.

The changes undertaken in the portfolio to align it more closely with JGGI's, following the appointment of JPMorgan Funds Limited ("JPMF") in January 2022, will result in a lower level of income. As a result, a greater proportion of the Company's revenue reserve may be utilised for these dividends.

Future of the Company

As reported in my 2021 Annual Report statement, following a review of investment management arrangements, and a recommendation from the Board, shareholders approved on 9 December 2021 the proposal that JPMF be appointed as the Company's manager and the Company adopt a new investment strategy ahead of the Combination pursuant to a scheme of reconstruction and voluntary winding up of the Company under section 110 of the Insolvency Act 1986. As anticipated, JPMF is now the Company's Alternative Investment Fund Manager ("AIFM") and has delegated portfolio management responsibilities to JPMorgan Asset Management (UK) Limited. The Company is now being managed in line with the new investment strategy, which is substantially identical to that of JGGI.

As previously noted, the process was expected to take a longer period than might typically be expected for a section 110 scheme of reconstruction given a number of additional complexities inherent in the structure of the Company, in particular its employee pension scheme and its debt arrangements. It was for this reason that the Board originally decided upon a two-stage process, the first stage being the appointment of JPMF as manager on 21 January 2022. This ensured that the Company had the immediate benefit of the new manager and investment strategy notwithstanding that the second stage, being the Combination, was going to take more time to implement as a result of the additional complexities.

As announced on 29 March 2022, the Company has completed the buy-in of the benefits under its pension scheme with a third-party insurer. The Board is also pleased to announce that the sale of its property at 6 Albyn Place, Edinburgh has also been completed, after considering a number of competitive bids, in line with its own valuation of the property. The debt workstreams are however progressing at a much slower pace than anticipated, and it is for this reason that the scheme is now expected to complete in the third quarter of 2022, rather than by the end of the first quarter of 2022 as originally expected.

The Company has today issued the required circular to the Company's bondholders, convening a meeting at which their consent to the substitution of JGGI as the issuer and sole debtor of the 5 ¾ % Secured Bonds due 2030 in place of the Company will be sought. A further update on the timetable of the Combination will be provided as soon as practicable after the holding of this meeting on 29 July 2022.

Chairman's Statement (continued)

The Combination will be undertaken by means of a section 110 scheme of reconstruction when the Company has taken all steps necessary to allow it to be placed into voluntary liquidation in an orderly fashion and is subject to approval from the Company's shareholders. On completion of the scheme, the Company's shareholders will have their shareholdings in the Company replaced with new ordinary shares in the newly enlarged JGGI subject to approval of the share issuance by JGGI's shareholders.

Once completed, the Combination with JGGI will offer a number of attractions to shareholders which were set out in my statement in the 2021 Annual Report. It is the Board's view that these benefits have not changed since the Combination was first proposed.

Share Repurchases and Issuance

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 average discount over the first half of the year was 3.6%. The Company did not undertake any share repurchases, nor did it issue any shares during the reporting period. In the same period last year 6.4m shares were repurchased.

Gearing

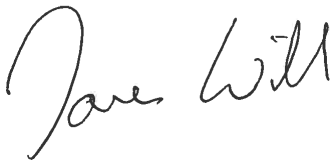
The Board regularly discusses gearing with the Investment Managers, who utilise it to enhance long-term shareholder returns. At 30 April 2022, gearing stood at 1% (31 October 2021: 6%).

Recent Performance

Since 30th April 2022, equity markets have continued to be volatile with significantly increased challenges faced around the globe and the Company's NAV has fallen by 8.4% as at 29 June 2022.

Outlook

The latter part of the reporting period saw global equity markets enter a tumultuous period, even before Russia's invasion of Ukraine at the end of February 2022 which compounded the concerns with rising oil and utility prices. The much increased uncertainty and risk factors around the world, such as the ongoing effects of COVID-19, rising inflation and tightening of monetary policies by Central Banks, will inevitably lead to increased market volatility and lower growth in the near-term. Notwithstanding these risks and uncertainties, the Investment Managers remain confident about the prospects for the companies in the portfolio and are well resourced and positioned to identify appropriate investment opportunities in this environment.



James Will
Chairman
30 June 2022

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

Volatile markets

This was an exceptionally volatile period for global markets. We entered the last months of 2021 with relatively low expectations for interest rate increases, despite the very real threat of rising inflation. Within a very short period of time, market expectations then pivoted to believing that the Federal Reserve was behind the curve when it came to curbing inflation, leading to rates expectations spiking, and that had significant implications for the valuation of high-growth assets in the market.

In January and February we saw a meaningful de-rating of technology companies. This was ultimately a function of both egregious valuations in some cases, but also mounting evidence of the scale of the demand "pull-forward" that had occurred during the pandemic. This was particularly true for the cohort of companies that are unprofitable, as a rising cost of capital led investors to demand evidence of profitability, rather than simply paying up for the fastest growers.

Amidst all this, inflationary and supply chain pressures were continuing to mount. The supply chain constraints were not new, but the evidence began to suggest that they would persist for longer than expected. The concerns around both of these issues were then exacerbated by the Russian invasion of Ukraine. Of course, most importantly on a human level we were appalled to see the devastation this wrought on the Ukrainian people, and we very much hope for a resolution to this crisis in the near future. Markets also recognised the scale of the challenge that this posed when considering how persistent inflation would be – energy prices saw the most immediate impact, but there are also implications for prices of food and other commodities that must now flow through to consumers and businesses.

This was reflected in equity prices around the world, but it was particularly disruptive in Europe, given both the proximity geographically to the conflict, but also because of the relatively outsized impact on the consumer through utility prices. As a result, we saw European equities underperform in the immediate aftermath of the invasion.

When we take a step back and look at what this means, equity markets around the world suffered during this six month period. We believe it's more important than ever to focus on investing for the long-term, and identifying those companies that we wish to buy when we see volatility – which we believe is in the long-term interests of the Company's shareholders.

A change in management

In the midst of the volatility, we at JPMorgan took over management of The Scottish Investment Trust on January 21st, in advance of the proposed merger with JPMorgan Global Growth and Income plc ("JGGI").

In the lead up to the portfolio transition, which took place following our appointment, we worked hard to find the most efficient trading practices to quickly move the Scottish portfolio to a portfolio that substantially resembled that of JGGI. We were pleased that we were then able to accomplish this shortly after our appointment, and at lower transaction costs than first estimated. The primary challenges were the efficient sales of some of the more illiquid legacy holdings, whilst at the same time navigating volatile markets around the time of Chairman Powell's speech.

Portfolio review and Spotlight on Stocks

Shortly after we had taken over the portfolio, Russia invaded Ukraine. This had a meaningful impact on the portfolio, and our positions in more cyclical companies listed in Europe were particularly painful. As a result, the sectors that helped most in the period since the portfolio transitioned were those that were either defensive, or with better structural growth.

Pharma and Medtech was our top contributing sector, driven by a number of different names. Two of the western world's biggest healthcare challenges are diabetes and obesity, and Novo Nordisk, a Danish pharmaceutical company, has developed new treatments for both these diseases. This name was our largest notable contributor to returns within this sector and its outlook is very positive. The company estimates that its recently approved diabetes treatment, Semaglutide, has the potential to generate $20 billion of revenue per year. Novo Nordisk offers diabetes treatments in both injectable and tablet forms, which gives physicians broader options when considering the most effective treatment for individual patients. The company's anti-obesity drug, Wegovy, was also approved in recent months. Novo Nordisk believes that there are 20 million people in the US alone who will be eligible for this treatment in 2022, and we believe the high expectations for this treatment will be met, once it is launched. In anticipation of its ongoing success, this stock remains one of our core holdings.

Bristol-Myers Squibb and Abbvie were also strong contributors in this sector. Both were trading at meaningful discounts to their peers because of concerns around the durability of their core franchises, as well as questions over the future revenue generation of their pipelines. We believe that in both cases, the longevity of their businesses and the productivity of their R&D spend are underappreciated, and we continue to own both.

Media was the second largest contributor to outperformance. Meta – formerly known as Facebook – was a company we did not own initially, as we felt that the valuation at Alphabet was more attractive. Meta then saw a significant decline in its share price after disappointing results – both from a revenue perspective, but also from a user perspective. We felt that both these

Manager's Review (continued)

issues were temporary, and more importantly the stock was now far too cheap. We took advantage of the volatility to purchase Meta, switching out of Alphabet, as the valuation disparity between the two was as wide as it had ever been.

We have different buckets of exposure through the portfolio to names that are yet to see an earnings recovery after the pandemic. Marriott was a notable outperformer here. We like this name because it is not only well insulated from inflation, but may actually benefit from rising prices. Marriott is largely a franchise business, so it does not own or operate the hotels which carry its name and is thus not as exposed to wage pressures as its competitors with more traditional business models. At the same time, the franchise fee will benefit from consumers traveling more.

Chevron was our single largest contributor in the past few months. With the invasion of Ukraine by Russia, the oil price rose significantly, and this fed through to companies in the Energy sector. We like the name for their clear financial discipline, strong balance sheet, and attractive dividend yield. We expect the oil price will normalise at some point, but still believe Chevron is well positioned to outperform.

The situation in Ukraine did of course lead to pain for a number of our holdings. Societe Generale is one such example, and it was the largest detractor during the review period. Their business in Russia meant that they would experience a meaningful hit to their Common Equity Tier 1 ("CET1") ratio, as well as short-term losses. With the potential for this to impact future returns to shareholders, we made the difficult decision to exit the name.

Another name that sold off during the invasion was Volvo. The company reported strong results during this period, but general concerns about the impact of a war on the European economy, industrial activity, and ultimately the heavy truck cycle led to a meaningful de-rating. We did not see this as a change to our thesis, and are comfortable continuing to own the name.

The same concerns that hit Volvo also hit the Industrial Cyclicals sector, and we saw a pullback in a number of names. These included companies such as Safran and Deutsche Post, but the poor performance was not limited to Europe. Ingersoll Rand and Trane Technologies – two US companies with strong growth trajectories – also got hit by this wave of pessimism. We continue to believe in their long-term growth and have maintained positions.

Portfolio positioning and outlook

There is much to be uncertain about in the world (and in markets) today. The common concerns are around the persistence of inflation, and what that means for Central Bank tightening around the world, which in turn impacts asset prices. There are concerns over the supply chain constraints that still exist, and how that will feed inflation. There are concerns around the war in Ukraine, the way that feeds through into commodity and food prices, and how that drives (yes, you guessed it), inflation. Then of course we have to think about the potential demand destruction and economic slowdown that might accompany persistently higher prices.

However there are more positive elements to this seemingly bearish debate, not least the strong consumer balance sheets that have been built up over the last couple of years, and the tight labour markets that we see around the world. It would be a unique event indeed if a recession were to occur without being preceded by a jump in unemployment, and we see no reason to yet think this is a foregone conclusion.

When we look at valuations of different types of companies, it seems that a number of sectors that are considered more cyclical are not far from fully pricing in a mild recession. Whilst at the other end of the spectrum, there are technology stocks that remain overvalued. Will those same stocks be defensive if the stock market sells off? We're not so sure they will.

As a result, we choose to do what always guides us in periods of uncertainty and volatility – we focus on our investment process, and on identifying those companies that we believe will be great long-term investments. If a selloff were to occur in those names, our conviction will allow us to buy more. We do of course look to build a well-diversified portfolio – one that is not driven by wider market events, but instead by the idiosyncratic drivers that allow us to select the best global ideas. This period is one where that combination will be incredibly important.

One way that continues to manifest itself in the portfolio is through our positions in names that have earnings recoveries continuing to come through. The travel-exposed companies are one such example, with Marriott now one of our largest positions. Booking.com, the online travel agent, are also well positioned to benefit not only from the rebound in travel, but also the continued move to online bookings, which will continue to provide a tailwind to their growth. Zimmer Biomet and Boston Scientific are two medical device companies that are starting to benefit from a recovery in surgeries in the US – and we see a long runway before all procedures that were delayed during the pandemic are completed.

We have recently increased gearing back to 2%. This was driven by more reasonable long-term valuations than we have seen for some time, and although there is much uncertainty, we believe this leverage will be beneficial for shareholders.

Our portfolio is well balanced across a variety of stocks, sectors and regions, and we feel strongly that the stability delivered by our 'core' approach offers significant benefits for shareholders, which should not

be overlooked. Whilst other trusts may see sizeable swings in their share prices, we aim to navigate global markets and generate less volatile returns. In addition, the income that our shareholders value is much more predictable.

We would like to thank you the shareholders of this trust for your support through this transaction and for your approval of our appointment as Manager. We look forward to building on this partnership, and to serving you as shareholders of The Scottish and then as shareholders of the new combined entity.

Helge Skibeli
Rajesh Tanna
Timothy Woodhouse
Investment Managers
30 June 2022

Financial Summary

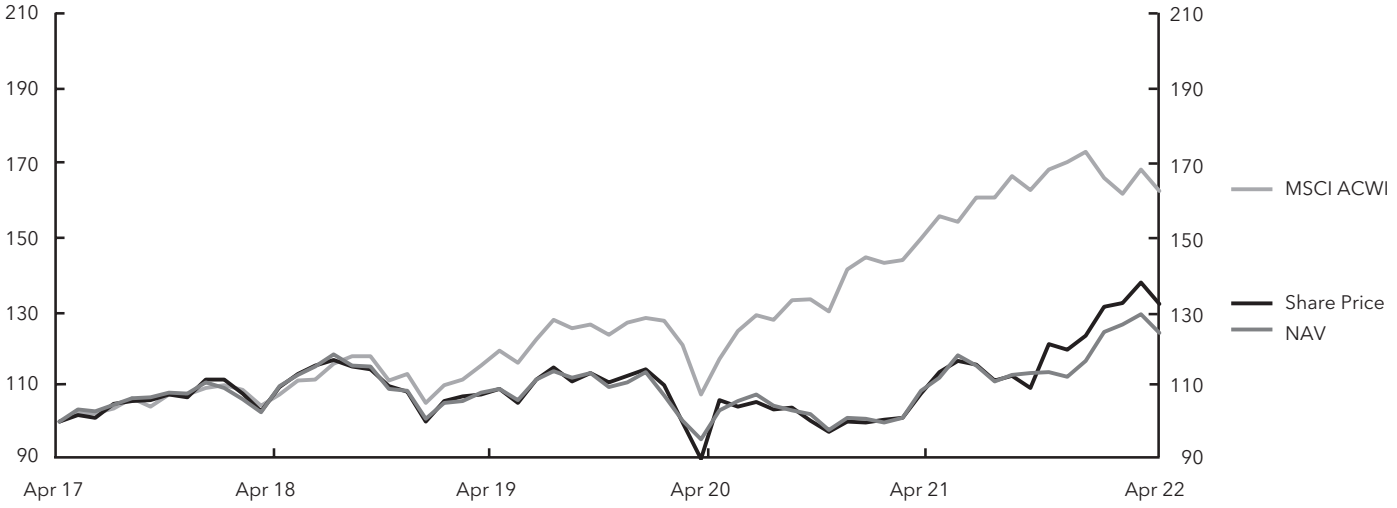
	30 April 2022	31 October 2021	Change %	Total return %
NAV with borrowings at market value	908.4p	851.1p	6.7	+7.1§
NAV with borrowings at amortised cost	926.5p	886.3p	4.5	
Ex-income NAV with borrowings at market value§	908.4p	845.1p	7.5	
Ex-income NAV with borrowings at amortised cost	919.4p	880.3p	4.4	
Share price	880.0p	820.0p	7.3	+8.9
Discount to NAV with borrowings at market value§	3.1%	3.6%		
MSCI ACWI				-3.5

	£'000	£'000
Equity investments	613,562	620,106
Pension surplus	–	414
Net current assets	83,651	50,231
Total assets less current liabilities	697,213	670,751
Long-term borrowings at amortised cost	(84,123)	(84,105)
Pension scheme deferred tax on surplus	–	(145)
Shareholders' funds	613,090	586,501

	Six months to 30 April 2022	Six months to 30 April 2021	Change %
Earnings per share	7.68p	11.58p	(34.5)
Dividends per share	6.10p	11.60p	(47.4)
UK Consumer Prices Index – annual inflation			9.0%

§ Alternative Performance Measures (please refer to Glossary on page ••).

NAV* and Share Price against Comparator Index
Total Return – 5 years to 30 April 2022



*with borrowings at market value

Chart data source: Bloomberg and the Company

List of Investments

as at 30 April 2022

Listed Equities

Holding	Valuation £'000
United States	
Microsoft	33,243
Amazon.com	31,354
American Express	19,230
Marriott International	16,795
Mastercard	15,907
McDonald's	15,811
NXP Semiconductors	15,426
UnitedHealth	14,373
Bank of America	14,231
Meta Platforms	13,799
Boston Scientific	13,459
Bristol-Myers Squibb	13,323
Progressive	12,150
Zimmer Biomet	12,101
Texas Instruments	11,901
Chevron	11,734
Booking	11,711
Wells Fargo	11,155
AbbVie	10,900
Regeneron Pharmaceuticals	10,312
Ingersoll Rand	10,048
Lyft	10,006
Trane Technologies	9,874
Truist Financial	8,761
Charter Communications	7,570
Ross Stores	7,498
ConocoPhillips	7,364
Norfolk Southern	7,311
Prologis	7,203
Coca-Cola	6,961
Southwest Airlines	6,058
Baker Hughes	5,958
Snap	5,230
Advanced Micro Devices	4,927
Lam Research	4,850
Eastman Chemical	4,694
Analog Devices	4,559
NextEra Energy	3,815
	431,602

Listed Equities

Holding	Valuation £'000
France	
LVMH	17,638
Vinci	14,550
Safran	11,396
Airbus	10,739
Capgemini	7,499
Credit Agricole	3,683
	65,505
Japan	
Honda Motor	6,518
Bridgestone	6,491
Shin-Etsu Chemical	6,367
Tokyo Electron	6,205
Tokio Marine	3,861
	29,442
Germany	
RWE	11,882
Deutsche Post	7,147
Volkswagen Preference	4,454
adidas	4,444
	27,927
Denmark	
Novo Nordisk	11,658
Carlsberg	6,720
	18,378
Taiwan	
Taiwan Semiconductor Manufacturing, ADR	11,536
	11,536
Sweden	
Volvo	8,958
	8,958
Belgium	
KBC	8,357
	8,357
Korea	
Samsung Electronics, GDR	5,495
	5,495
Australia	
BHP	3,987
	3,987
Unlisted	
Heritable property and subsidiary	2,375
Total Unlisted	**2,375**
Total Investments	**613,562**

Portfolio Analysis

Sector Analysis

	30 April 2022 Portfolio %
Pharm/Medtech	11.7
Banks	10.7
Technology - Semi & Hardware	10.6
Media	9.8
Industrial Cyclical	9.2
Retail	7.4
Technology - Software	6.6
Consumer Cyclical & Services	5.6
Automobiles & Auto Part	4.3
Energy	4.1
Insurance	2.6
Financial Services	2.6
Utilities	2.6
Basic Industries	2.5
Transportation	2.4
Health Services & Systems	2.3
Consumer Staples	2.2
Property	1.6
Telecommunications	1.2
Total	**100.0**

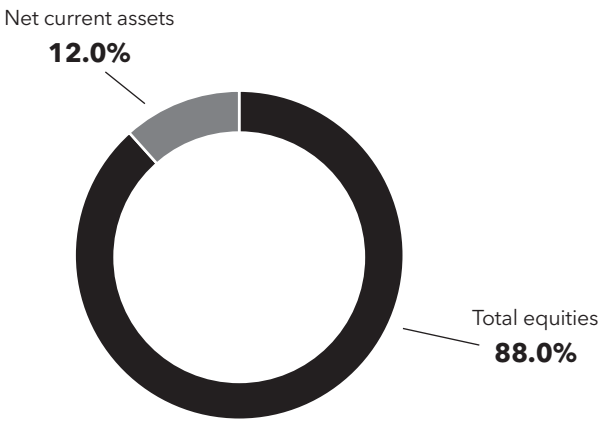
Geographical Analysis

	30 April 2022 Portfolio %
United States	70.3
France	10.7
Japan	4.8
Germany	4.5
Denmark	3.0
Taiwan	1.9
Sweden	1.5
Belgium	1.4
Korea	0.9
Australia	0.6
United Kingdom	0.4
Total	**100.0**

Allocation of Shareholders' Funds

	%
Total equities	**100.0**
Net current assets	13.3
Borrowings at amortised cost	(13.8)
Shareholders' funds	**100.0**

Allocation of Total Assets



Income Statement

	Six months to 30 April 2022 (unaudited)			Six months to 30 April 2021 (unaudited)			Year to 31 October 2021 (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	–	33,997	33,997	–	63,434	63,434	–	62,732	62,732
Net (losses)/gains on currencies	–	(120)	(120)	–	(1,017)	(1,017)	–	(1,037)	(1,037)
Income	7,552	–	7,552	11,179	–	11,179	21,761	–	21,761
Expenses	(1,212)	(2,322)	(3,534)	(1,175)	(665)	(1,840)	(2,350)	(1,101)	(3,451)
Net Return before Finance Costs and Taxation	6,340	31,555	37,895	10,004	61,752	71,756	19,411	60,594	80,005
Interest payable	(849)	(1,576)	(2,425)	(866)	(1,608)	(2,474)	(1,732)	(3,217)	(4,949)
Return on Ordinary Activities before Tax	5,491	29,979	35,470	9,138	60,144	69,282	17,679	57,377	75,056
Tax on ordinary activities	(411)	–	(411)	(1,039)	–	(1,039)	(2,169)	(81)	(2,250)
Return attributable to Shareholders	**5,080**	**29,979**	**35,059**	**8,099**	**60,144**	**68,243**	**15,510**	**57,296**	**72,806**
Return per share (basic and fully diluted)	**7.68p**	**45.30p**	**52.98p**	**11.58p**	**86.00p**	**97.58p**	**22.78p**	**84.15p**	**106.93p**
Weighted average number of shares in issue		**66,173,178**			**69,931,830**			**68,089,959**	

	£'000	£'000	£'000
Dividends payable	8,074	7,725	16,195

Income comprises:			
Dividends	7,459	11,176	21,755
Interest	93	3	3
Rental income	–	–	3
	7,552	**11,179**	**21,761**

Balance Sheet

	As at 30 April 2022 (unaudited) £'000	As at 31 October 2021 (audited) £'000	As at 30 April 2021 (unaudited) £'000
Fixed Assets			
Investments	613,562	620,106	634,256
Non-Current Assets			
Pension surplus	–	414	1,161
Current Assets			
Derivative financial assets	2,712	–	–
Debtors	3,738	5,663	5,928
Cash and cash equivalents	86,151	45,670	42,705
	92,601	51,333	48,633
Creditors: liabilities falling due within one year	(5,750)	(1,102)	(6,644)
Derivative financial liabilities	(3,200)	–	–
Net Current Assets	**83,651**	**50,231**	**41,989**
Total Assets less Current Liabilities	**697,213**	**670,751**	**677,406**
Creditors: liabilities falling due after more than one year			
Long-term borrowings at amortised cost	(84,123)	(84,105)	(84,059)
Provisions for Liabilities			
Pension scheme deferred tax on surplus	–	(145)	(406)
Net Assets	**613,090**	**586,501**	**592,941**
Capital and Reserves			
Called-up share capital	16,543	16,543	16,632
Share premium account	39,922	39,922	39,922
Capital redemption reserve	54,318	54,318	54,229
Capital reserve	459,443	431,959	437,945
Revenue reserve	42,864	43,759	44,213
Shareholders' Funds	**613,090**	**586,501**	**592,941**
Net Asset Value per share (basic and fully diluted) with borrowings at amortised cost	**926.5p**	**886.3p**	**891.2p**
Number of shares in issue at period end	**66,173,178**	**66,173,178**	**66,529,521**

Statement of Comprehensive Income

	Six months to 30 April 2022 (unaudited) £'000	Six months to 30 April 2021 (unaudited) £'000	Year to 31 October 2021 (audited) £'000
Return attributable to shareholders	35,059	68,243	72,806
Actuarial losses relating to pension scheme	(3,983)	–	(766)
Pension scheme deferred tax on surplus	145	–	261
Total comprehensive income for the period	**31,221**	**68,243**	**72,301**
Total comprehensive income per share	**47.18p**	**97.58p**	**106.18p**

Statement of Changes in Equity

	Six months to 30 April 2022 (unaudited) £'000	Six months to 30 April 2021 (unaudited) £'000	Year to 31 October 2021 (audited) £'000
Opening shareholders' funds	586,501	578,519	578,519
Total comprehensive income	31,221	68,243	72,301
Dividend payments	(4,632)	(8,220)	(15,908)
Share buybacks	–	(45,601)	(48,411)
Closing shareholders' funds	**613,090**	**592,941**	**586,501**

Cash Flow Statement

	Six months to 30 April 2022 (unaudited) £'000	Six months to 30 April 2021 (unaudited) £'000	Year to 31 October 2021 (audited) £'000
Operating activities			
Net revenue before finance costs and taxation	6,340	10,004	19,411
Expenses charged to capital	(2,322)	(665)	(1,101)
Decrease/(increase) in accrued income and other receivables	574	20	(183)
(Decrease)/increase in other payables	(255)	3,456	(99)
Adjustment for pension funding	(3,569)	–	(19)
Tax on investment income	(387)	(1,146)	(2,284)
Cash flows from operating activities	**381**	**11,669**	**15,725**
Investing activites			
Purchases of investments	(757,548)	(303,807)	(308,774)
Disposals of investments	804,867	314,412	332,196
Cash flows from investing activities	**47,319**	**10,605**	**23,422**
Cash flows before financing activities	**47,700**	**22,274**	**39,147**
Financing activities			
Dividends paid	(4,632)	(8,220)	(15,908)
Share buybacks	–	(44,902)	(48,693)
Interest paid	(2,587)	(2,428)	(4,857)
Cash flows used in financing activities	**(7,219)**	**(55,550)**	**(69,458)**
Net movement in cash and cash equivalents	**40,481**	**(33,276)**	**(30,311)**
Cash and cash equivalents at the beginning of period	**45,670**	**75,981**	**75,981**
Cash and cash equivalents at the end of period*	**86,151**	**42,705**	**45,670**

* 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 2022 comprises the statements set out on pages 11 to 14 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 2022 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 2021.

The Directors have considered the nature of the Company's principal risks and uncertainties, as set out on page 16 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 2021 which has been filed with the Registrar of Companies and which contains an unqualified report from the Auditor.

The second quarterly interim dividend of 6.1p will be paid on 15 July 2022 to shareholders registered at 24 June 2022, with an ex dividend date of 23 June 2022. This dividend will amount to £4.0m.

The first quarterly interim dividend of £4.0m was paid on 13 May 2022.

Equity investments include the unlisted portfolio of £2.4m (31 October 2021: £2.4m).

The weighted average number of shares in issue during the half-year was 66,173,178 (2021: 68,089,959) 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 2022 has been calculated using the number of shares in issue on that date which was 66,173,178 (31 October 2021: 66,173,178).

Analysis of Changes in Net Debt

	31 October 2021 £'000	Cash flows £'000	Non-cash movements £'000	30 April 2022 £'000
Cash	30,670	(26,991)	–	3,679
Short-term deposits	15,000	(15,000)	–	–
Cash equivalents	–	82,472	–	82,472
Long-term borrowings at amortised cost	(84,105)	–	(18)	(84,123)
Total	**(38,435)**	**40,481**	**(18)**	**2,028**

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 detailed on pages 29 and 30 of the 2021 Annual Report; they are broadly unchanged from that year. An explanation of Financial Instruments risks and how they are managed is set out in Note 16 on pages 59 to 64 of the 2021 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, the change of Manager to JPMorgan Funds Limited, the proposed combination of the Company's assets with JPMorgan Global Growth & Income plc and more recently the Russian invasion of Ukraine and their potential impact on the Company and its portfolio.

Responsibility statement

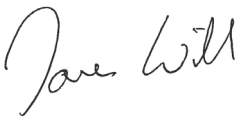
The Board of Directors confirms that to the best of its knowledge:

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
30 June 2022

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 6.1p will be paid on 15 July 2022 to shareholders registered at 24 June 2022, with an ex-dividend date of 23 June 2022.

The first quarterly interim dividend of 6.1p was paid on 13 May 2022.

It is expected that a further interim dividend will be paid prior to the proposed Combination becoming effective.

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.

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.

Identifiers

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

Management

The Company employs JPMorgan Funds Limited ("JPMF" or the "Manager"), as the Company's Alternative Investment Fund Manager ("AIFM") and the Company Secretary. JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ("JPMAM").

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.

JPMorgan Funds 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.

Glossary

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[§] The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs payable, expressed as a percentage of the average of the daily cum-income net assets during the year and is calculated in accordance with guidance issued by the Association of Investment Companies.

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.

Useful Addresses

Registered office
16 Charlotte Square
Edinburgh EH2 4DF
Telephone: **0131 225 7781**
Website: **www.thescottish.co.uk**
Email: **info@thescottish.co.uk**
Company Registration Number: **SC001651**

Manager and Company Secretary
JPMorgan Funds Limited
3 Lochside View
Edinburgh EH12 9DH

Depositary
The Bank of New York Mellon (International) Limited
One Canada Square
London E14 5AL

The Depositary has appointed JPMorgan Chase Bank, N.A. as the Company's custodian.

Auditor
PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

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**

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