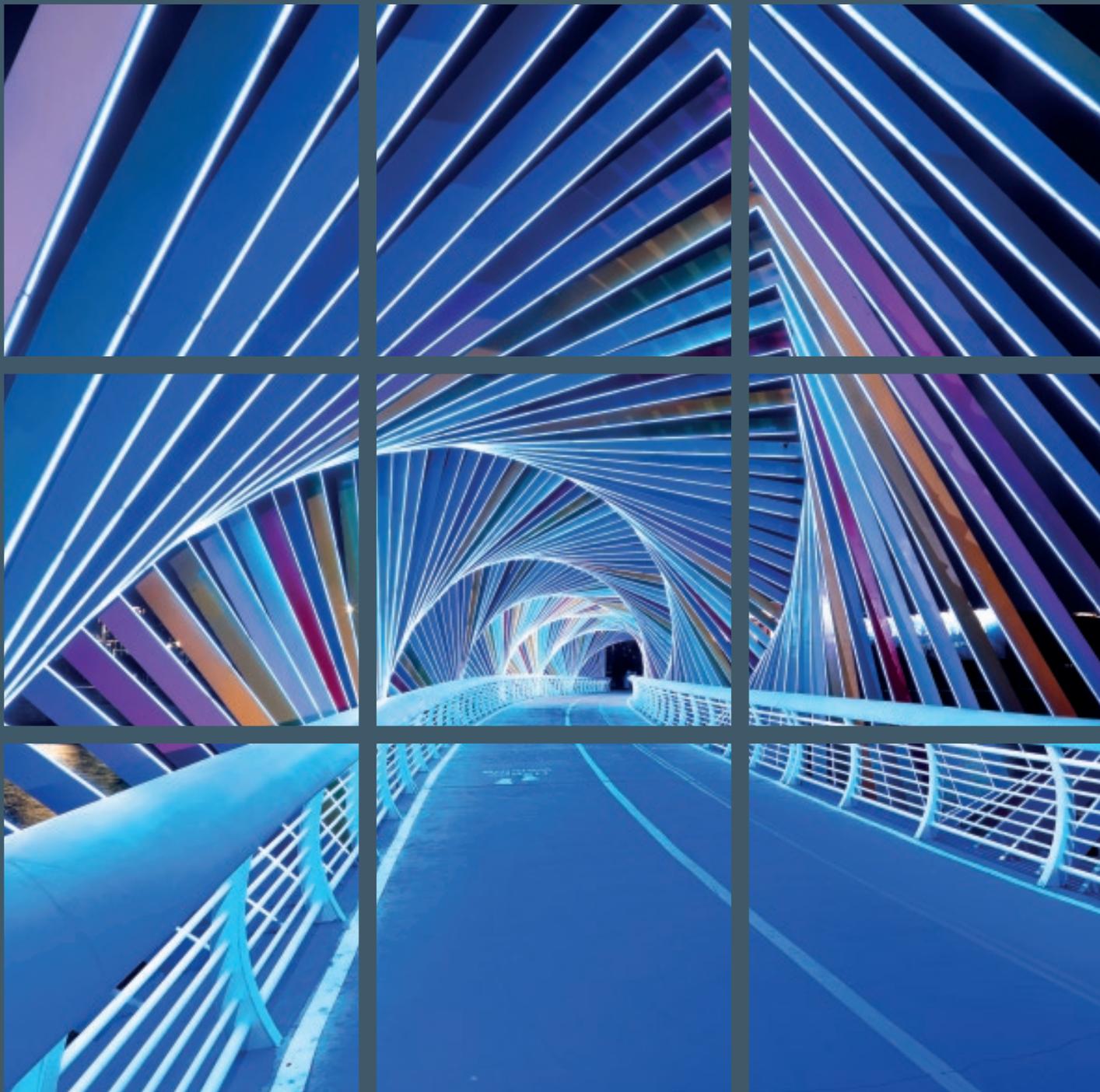


# SCOTTISH MORTGAGE INVESTMENT TRUST PLC

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Your low cost choice  
for global investment



Interim Financial Report  
30 September 2020





Scottish Mortgage Investment Trust PLC is a low cost investment trust that aims to maximise total return over the long term from a high conviction, actively managed portfolio. It invests globally, looking for strong businesses with above-average returns.

### Benchmark

The portfolio benchmark against which performance is measured is the FTSE All-World Index (in sterling terms).

### Principal Risks and Uncertainties

The principal risks facing the Company are financial risk, unlisted investments risk, investment strategy risk, discount risk, regulatory risk, custody and depositary risk, operational risk, leverage risk and political risk. An explanation of these risks and how they are managed is set out on pages 9 and 10 of the Company's Annual Report and Financial Statements for the year to 31 March 2020 which is available on the Company's website: [www.scottishmortgageit.com](http://www.scottishmortgageit.com). The principal risks and uncertainties have not changed since the date of that report with the exception of the ongoing situation regarding Covid-19. The Board and Managers continue to review the portfolio for the potential impact of the pandemic. The business continuity arrangements of the Managers and other third party service providers have proven robust with operations continuing largely as normal.

### Responsibility Statement

We confirm that to the best of our knowledge:

- a) the condensed set of Financial Statements has been prepared in accordance with FRS 104 'Interim Financial Reporting';
- b) the Interim Management Report includes a fair review of the information required by Disclosure 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 Financial Report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board  
Fiona McBain  
Chair  
5 November 2020

## Summary of Unaudited Results

	30 September 2020	31 March 2020 (audited)	% change	
Total assets (before deduction of debentures, long and short term borrowings)*	£15,490.5m	£9,151.4m		
Shareholders' funds	£14,595.1m	£8,244.6m		
Net asset value per ordinary share (after deducting borrowings at fair value)†	992.0p	565.7p		75.4
Net asset value per ordinary share (after deducting borrowings at book)*	999.8p	567.3p		76.2
FTSE All-World Index (in sterling terms)				22.4
Share price	991.0p	573.5p		72.8
(Discount)/premium (after deducting borrowings at fair value)†	(0.1%)	1.4%		
Active share†	91%	93%		
	Six months to 30 Sept 2020	Six months to 30 Sept 2019	% change	
Revenue earnings per share	0.48p	1.10p		(56.4)
Interim dividend per share#	1.45p	1.39p		4.3
	Six months to 30 Sept 2020	Six months to 30 Sept 2019		
<b>Total returns (%)†</b>				
Net asset value per ordinary share (after deducting borrowings at fair value)†	75.8	3.2		
Net asset value per ordinary share (after deducting borrowings at book)*	76.7	3.6		
Share price	73.2	(1.3)		
FTSE All-World Index (in sterling terms)	23.8	9.9		
	Six months to 30 Sept 2020		Year to 31 March 2020	
<b>Period high and low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
Share price	991.0p	538.5p	659.0p	468.4p
Net asset value per ordinary share (after deducting borrowings at fair value)†	992.1p	543.0p	659.4p	479.2p
Premium/(discount) (after deducting borrowings at fair value)†	8.4%	(9.7%)	4.2%	(15.6%)
Average sector premium/(discount) (AIC Global Sector)	0.4%	(3.2%)	1.8%	(5.0%)

\* See Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

† Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

# See note 5, page 18.

Source: AIC/Refinitiv/Baillie Gifford and relevant underlying index providers. See disclaimer on page 22.

Past performance is not a guide to future performance.

## Interim Management Report

Over the long run, stock market returns are driven by a small number of exceptional companies. The progress of such companies is rarely smooth or linear. They have breakthroughs and they have setbacks. Sentiment in the market exaggerates the peaks and troughs, driving price volatility that is commonly mistaken for risk. When we believe we have identified an exceptional company that is pursuing a large opportunity, we look beyond this cycle of feast and famine. With a longer timeframe, such oscillations matter less and the picture of compounding growth becomes clearer. Many, if not most, investments won't turn out as we hope. However, for the companies that do succeed, the returns are transformational and they have a disproportionate impact on the portfolio. This is why we approach our task with optimism. It is more important to identify the factors that will allow a company to prosper than to enumerate the potential pitfalls along the way. This approach has driven our long-run returns. Over five years Scottish Mortgage's net asset value per share with debt at fair value (NAV) has increased by 340% versus a 96% increase in the FTSE All-World index (both in total return terms). Over 10 years it has increased by 674% against 191%. Six months of data is too short a period to infer much that is useful from stock prices. Since the end of March our NAV rose by 76% compared to a 24% increase in the index.

Whilst our focus is on the generation of long-term increases in capital values, we recognise that a small but consistent dividend is of value to many investors. The Board is therefore recommending an interim dividend of 1.45p, a modest increase to the previous year.

Looking at the recent period, we must avoid the temptation to match outcomes with easy or obvious explanations. The global pandemic has, for sure, had big short-term impacts but a company's stock price incorporates an estimate of all future cashflows and is not simply a measure of relative success at this unusual time. The oddities of the pandemic will fade, some long-running shifts in our economy will have been accelerated and the stresses we have experienced will spark new waves of innovation. More importantly for your portfolio, several holdings have made considerable progress and we have greater clarity on both the size of opportunity and the companies' ability to execute.

The increase in Tesla's stock price and its dramatic impact on the Trust's returns should be seen in context. Whilst the company and its colourful founder attract an unusually high degree of attention, emotion and noise, the underlying return picture is far from an aberration. Returns are concentrated in a handful of big winners. With far less drama, this has been the case for our holdings in both Amazon and Tencent over the past decade. Tesla's success has been earned over a period of ownership extending back to 2013 and, as with most successful investments, we have endured large drawdowns in its stock price on the way to the current position.

Tesla has made significant operational progress. It has successfully added capacity and the production ramp of its latest model has progressed far more smoothly than for any of its previous vehicles. Demand for its products is strong and the response from its traditional competitors remains muted. It is still our largest holding even though we sold over 40% of our shares during the period (raising £1.18bn) to ensure that the portfolio has an appropriate level of diversification.

This picture of strong execution and greater clarity on the investment case is shared by a number of the portfolio's other significant winners. Wayfair, the furniture retailer, has benefited from a surge in demand as people have spent more time at home and invested in upgrading their living environment. Whilst this may be a temporary, Covid-related phenomenon, the company has also moved decisively into profitability after an extended investment phase. The long-term profitability of Wayfair's business model has been hotly debated and the demonstration of a clear ability to make money is much more important for the company's value than a temporary spike in demand.

Food delivery companies Meituan and Delivery Hero have also answered important questions about their future. The former has grown beyond its nearest rival to become the dominant food delivery company in China. The impact of Covid has been to drive up demand for its other delivery services such as grocery and general merchandise. The addressable market in meal delivery is many times larger than Meituan's business today and we now must also factor in the possibility of success in these other categories. Delivery Hero has restructured the geography of its business and now dominates many of the world's most attractive growth markets. Local scale is an important determinant of success and is also allowing Delivery Hero to expand from delivering meals into other delivery services.

The examples of Wayfair, Delivery Hero and Meituan serve to illustrate the growing number of opportunities we have to invest in digital businesses of scale beyond the giant western platforms. This becomes more important as our views on the platform companies are less differentiated than was once the case. In the period, we sold the remaining holding in Facebook and made the first reduction to our Amazon holding that was not driven by diversification concerns. Whilst we have huge respect for Amazon's vision and ability to execute, its starting capitalisation of over \$1.5 trillion makes the path to large future returns more challenging.

The era of electrification that Tesla is helping to materialise will take decades to arrive and have far-reaching consequences. Technological progress is driving down costs along an exponential curve that the fossil fuel industry will be unable to match. It is challenging to predict the impact of such change on the complex

For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

Total return information sourced from Refinitiv/StatPro/Baillie Gifford.

See disclaimer on page 22.

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system that is the global economy. We eschew prediction and prefer to partner with the entrepreneurs that are driving change. Encouragingly we are seeing more opportunities. Chinese electric vehicle producer, Nio, has endured difficult trading conditions since its IPO in late 2018 but its business is back on track and its balance sheet has been strengthened by continued investment from its founder and through local government support. In the period we invested in Northvolt, a company which will be critical to the creation of European battery manufacturing capacity. Its access to cheap hydroelectric power in Swedish Lapland should give it a cost advantage as the industry grows rapidly. We also made a commitment to ChargePoint, one of the world's largest electric vehicle-charging networks.

### **Outlook**

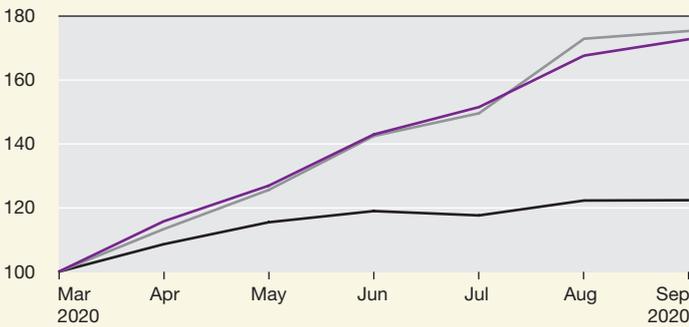
A clear lesson from this year's events is that we should treat confident pronouncements about the future with scepticism. Rather than engage in such speculation, we prefer to back the companies building the future of our economy with the capital and patience they require. Such opportunities remain plentiful.

The principal risks and uncertainties facing the Company are set out on the inside front cover of this report.

# Performance

## Six Months Performance

(plotted on a monthly basis and rebased to 100 at 31 March 2020)



Source: Refinitiv/Baillie Gifford and relevant underlying index providers†.

- Share price
- NAV (after deducting borrowings at fair value)\*
- Benchmark#

Dividends are not reinvested.

## Five Year Total Return Performance\*

(figures rebased to 100 at 30 September 2015)

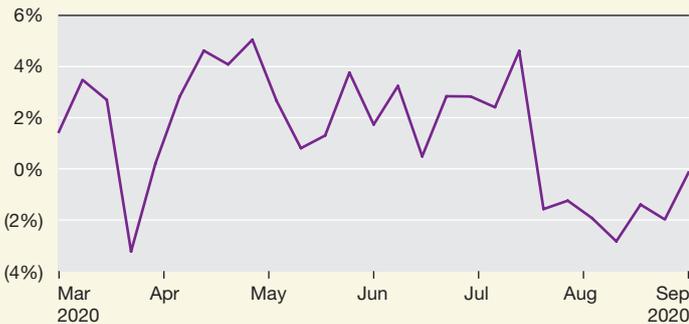


Source: Refinitiv and relevant underlying index providers†.

- Share price total return
- NAV (fair) total return
- Benchmark# total return

## Premium/(Discount) to Net Asset Value\*

(plotted on a weekly basis)

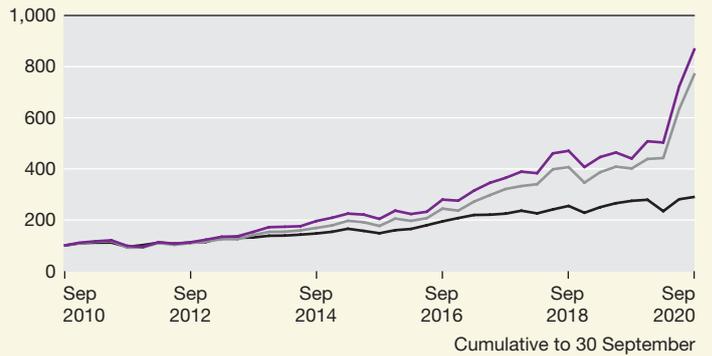


Source: Baillie Gifford.

- Scottish Mortgage premium/(discount) (after deducting borrowings at fair value)\*

## Ten Year Total Return Performance\*

(figures rebased to 100 at 30 September 2010)



Source: Refinitiv and relevant underlying index providers†.

- Share price total return
- NAV (fair) total return
- Benchmark# total return

## Ten Year Turnover\*

(plotted on a monthly basis, for the previous 12 months)

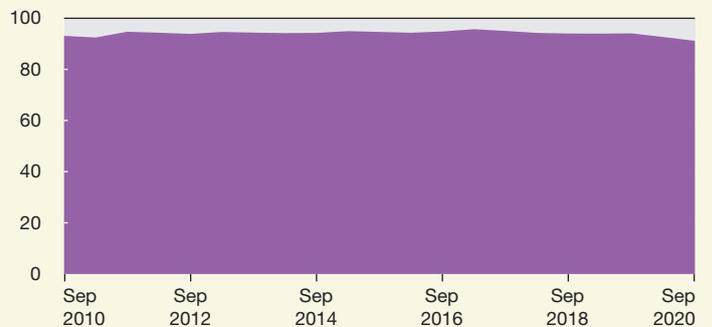


Source: Baillie Gifford.

- Turnover

## Ten Year Active Share\* Relative to the Benchmark#

(plotted on a six monthly basis)



Source: Baillie Gifford and relevant underlying index providers†.

- Active share

\* See Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

† See disclaimer on page 22.

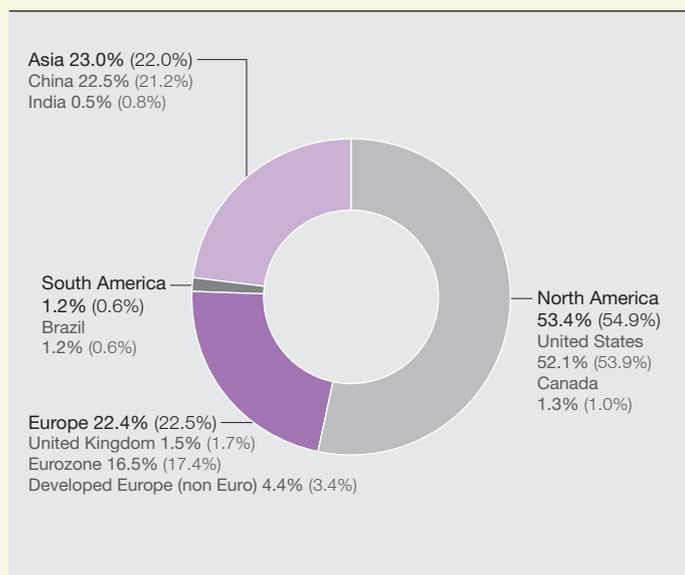
# Benchmark: FTSE All-World Index (in sterling terms).

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## Distribution of Total Assets\*

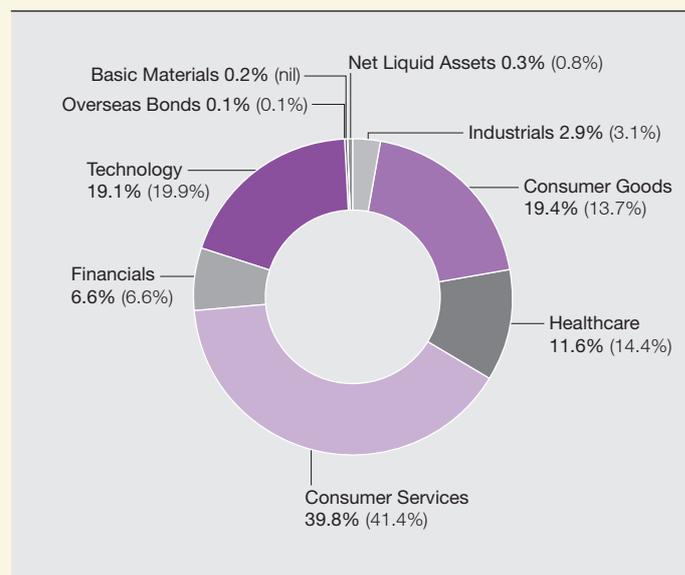
### Geographical Analysis at 30 September 2020

(31 March 2020)



### Sectoral Analysis at 30 September 2020

(31 March 2020)



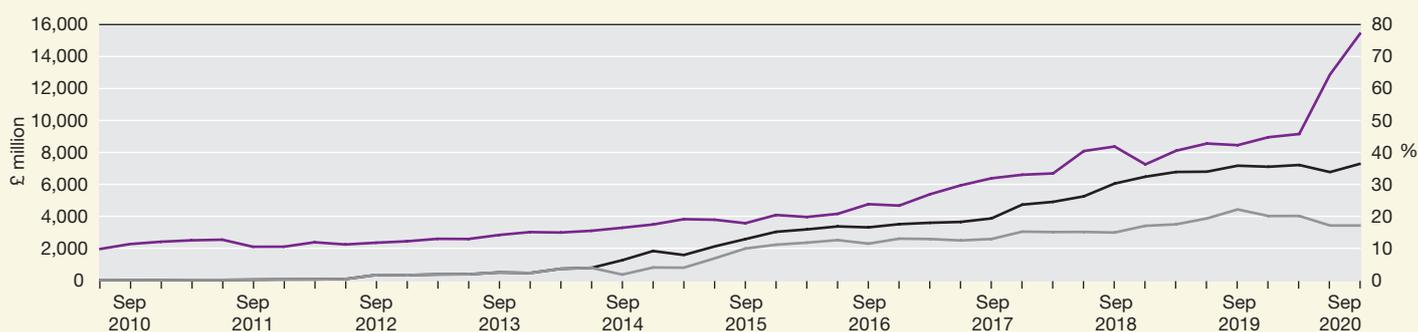
	Listed equities %	Unlisted securities † %	Unlisted bonds %	Net liquid assets %	Total %
<b>30 September 2020</b>	<b>82.6</b>	<b>17.0</b>	<b>0.1</b>	<b>0.3</b>	<b>100.0</b>
31 March 2020	79.1	19.9	0.2	0.8	100.0

\* Total assets before deduction of debentures, long and short term borrowings. See Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

† Includes holdings in preference shares and ordinary shares.

## Private Company Securities and Listed Securities Previously Held as Private Company Securities as a Percentage of Total Assets#

(plotted quarterly from June 2010)



Source: Baillie Gifford.

— Total assets (in sterling) (left hand axis)

— Private company securities as a % of total assets (right hand axis)

— Private company securities and listed securities previously held in the portfolio as private company securities as a % of total assets (right hand axis)

# See Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

## Holding Period of Investments as at 30 September 2020

### More Than 5 Years

Name	% of total assets
Tesla Inc	12.0
Amazon.com	10 7.9
Alibaba Group	P 6.1
Tencent Holdings	10 5.5
Illumina	4.4
ASML	3.9
Kering	10 2.8
Netflix	2.3
Spotify Technology SA	P 2.0
Zalando	1.9
Ferrari	1.8
Alphabet	10 1.1
You & Mr Jones	U 1.1
Inditex	10 1.0
Workday	0.9
Kinnevik	0.9
Intuitive Surgical	10 0.9
Atlas Copco	10 0.8
Trip.com	10 0.6
Housing Development Finance Corporation	10 0.5
JAND Inc (Warby Parker)	U 0.3
Essence Healthcare	U 0.3
Rocket Internet	0.3
Palantir Technologies	P 0.3
Alnylam Pharmaceuticals	0.2
Thumbtack	U 0.2
Bluebird Bio Inc	0.2
Innovation Works Development Fund	U 10 0.1
Airbnb	U 0.1
ZocDoc	U 0.1
WI Harper Fund VIII	U 0.1
Sinovation Fund III	U 0.1
WI Harper Fund VII	U <0.1
Global AI Opportunities Fund	<0.1
<b>Total</b>	<b>60.7</b>

### 2–5 Years

Name	% of total assets
Meituan Dianping	P 3.6
Delivery Hero	2.7
NIO	P 2.4
NVIDIA	2.3
Ant International	U 1.8
Shopify	1.3
HelloFresh	P 1.3
Tempus Labs Inc	U 1.1
Ginkgo BioWorks	U 1.0
Denali Therapeutics	P 0.9
TransferWise	U 0.9
Grail	U 0.8
Pinduoduo	0.8
Tanium	U 0.6
Vir Biotechnology	P 0.6
Anaplan	P 0.6
Zipline	U 0.5
Indigo Agriculture	U 0.4
CureVac	P 0.4
Carbon	U 0.4
HeartFlow	U 0.3
The Production Board	U 0.2
AUTO1	U 0.2
Bolt Threads	U 0.2
Lyft	P 0.2
Full Truck Alliance	U 0.2
Clover Health	U 0.2
Uptake Technologies	U 0.2
Slack Technologies	P 0.1
ARCH Ventures Fund IX	U 0.1
Eventbrite	P 0.1
Rubius Therapeutics	P 0.1
KSQ Therapeutics	U 0.1
Udacity	U 0.1
Orchard Therapeutics	P 0.1
UNITY Biotechnology	P 0.1
Intarcia Therapeutics	U –
<b>Total</b>	<b>26.9</b>

### Less Than 2 Years

Name	% of total assets
Zoom	1.6
Wayfair	1.5
MercadoLibre	1.2
Stripe	U 0.8
Space Exploration Technologies	U 0.8
Carvana	0.7
Northvolt	U 0.7
KE Holdings	0.6
Snowflake	P 0.6
Ocado	0.5
Bytedance	U 0.4
Recursion Pharmaceuticals	U 0.4
Affirm	U 0.4
Jiangxiaobai	U 0.3
Sana Biotechnology	U 0.3
Epic Games	U 0.3
Away Inc (JRSK)	U 0.2
Lilium	U 0.2
Zymergen	U 0.2
Convoy	U 0.2
Aurora	U 0.1
Joby Aero	U 0.1
ARCH Ventures Fund X Overage	U <0.1
ARCH Ventures Fund X	U <0.1
<b>Total</b>	<b>12.1</b>

U Denotes unlisted (private company) security.

P Denotes listed security previously held in the portfolio as an unlisted (private company) security.

10 Denotes security held for more than 10 years.

Net liquid assets represent 0.3% of total assets. See Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

# List of Investments

At 30 September 2020

Name	Business	Fair value 30 September 2020 £'000	% of total assets	Contribution to absolute performance* %	Notes †	Fair value 31 March 2020 £'000
Tesla Inc	Electric cars, autonomous driving and solar energy	1,853,704	12.0	24.8	Significant reduction	790,650
Amazon.com	Online retailer and cloud computing	1,218,015	7.9	6.8		849,809
Alibaba Group <sup>Ⓢ</sup>	Online retailing and financial services	943,313	6.1	2.8		595,818
Tencent Holdings	Internet services	844,726	5.5	2.5		596,292
Illumina	Biotechnology equipment	679,102	4.4	1.8		565,677
ASML	Lithography	598,446	3.9	1.8	Significant addition	347,067
Meituan Dianping <sup>Ⓢ</sup>	Local services aggregator	558,908	3.6	3.9		225,547
Kering	Luxury goods producer and retailer	433,966	2.8	0.5	Significant addition	286,032
Delivery Hero	Online food delivery service	412,131	2.7	1.8		278,012
NIO Inc <sup>Ⓢ</sup>	Designs and manufactures electric and autonomous vehicles	368,279	2.4	3.0		50,171
NVIDIA	Visual computing	362,062	2.3	2.0		184,024
Netflix	Subscription service for TV shows and movies	358,977	2.3	1.2		281,127
Spotify Technology SA <sup>Ⓢ</sup>	Online music streaming service	310,297	2.0	2.2		161,695
Zalando	International online clothing retailer	295,998	1.9	1.6	Significant addition	87,796
Ant International Limited Class C Ord. <sup>Ⓢ</sup>	Online financial services platform	286,449	1.8	0.8		209,168
Ferrari	Luxury automobiles	284,611	1.8	0.4		250,807
Zoom	Remote conferencing service provider	254,319	1.6	1.6		82,451
Wayfair	Online household goods retailer	235,897	1.5	2.8		45,049
Shopify	Cloud-based commerce platform provider	206,039	1.3	1.8		87,895
HelloFresh <sup>Ⓢ</sup>	Grocery retailer	202,382	1.3	0.9		125,253
MercadoLibre	Latin American e-commerce platform	190,729	1.2	0.9	Significant addition	56,182
Tempus Labs Inc Series E Pref. <sup>Ⓢ</sup>	Offers molecular diagnostics tests for cancer and aggregates clinical oncology records	123,585	0.8	0.2		95,821
Tempus Labs Inc Series F Pref. <sup>Ⓢ</sup>	Offers molecular diagnostics tests for cancer and aggregates clinical oncology records	45,111	0.3	0.1		34,976
Tempus Labs Inc Series G Pref. <sup>Ⓢ</sup>	Offers molecular diagnostics tests for cancer and aggregates clinical oncology records	7,281	<0.1	–		5,645
		175,977	1.1	0.3		136,442
Alphabet	Holding company for Google and associated ventures	166,694	1.1	0.5		137,517

\* Contribution to absolute performance has been calculated on a total return basis over the period 1 April 2020 to 30 September 2020. For a definition of total return please see Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

† Significant additions and reductions to investments have been noted where the change is at least a 20% movement from the value of the holding at 31 March 2020. The change in value over the period also reflects the share price performance and the movement in exchange rates.

<sup>Ⓢ</sup> Denotes unlisted (private company) security.

<sup>Ⓢ</sup> Denotes listed security previously held in the portfolio as an unlisted (private company) security.

Past performance is not a guide to future performance.

Name	Business	Fair value 30 September 2020 £'000	% of total assets	Contribution to absolute performance* %	Notes †	Fair value 31 March 2020 £'000
You & Mr Jones Class A Units <sup>Ⓜ</sup>	Digital advertising	124,149	0.8	0.3		100,004
You & Mr Jones Class C Units <sup>Ⓜ</sup>	Digital advertising	38,644	0.3	0.1		30,296
		162,793	1.1	0.4		130,300
Ginkgo Bioworks Inc Series D Pref. <sup>Ⓜ</sup>	Bio-engineering company	73,050	0.5	–		76,164
Ginkgo Bioworks Inc Series C Pref. <sup>Ⓜ</sup>	Bio-engineering company	71,036	0.4	–		74,064
Ginkgo Bioworks Inc Series E Pref. <sup>Ⓜ</sup>	Bio-engineering company	18,469	0.1	–	Significant addition	12,804
		162,555	1.0	–		163,032
Inditex	Global clothing retailer	155,004	1.0	0.1		149,757
Workday	Enterprise information technology	139,970	0.9	0.7		88,318
Denali Therapeutics <sup>Ⓜ</sup>	Biotechnology	139,262	0.9	0.7	Significant addition	52,834
Transferwise Ltd Series D Pref. <sup>Ⓜ</sup>	Online money transfer services	64,901	0.4	0.1		47,633
Transferwise Ltd Series Ord. <sup>Ⓜ</sup>	Online money transfer services	30,866	0.2	0.1		20,247
Transferwise Ltd Series A Pref. <sup>Ⓜ</sup>	Online money transfer services	15,844	0.1	–		11,078
Transferwise Ltd Series B Pref. <sup>Ⓜ</sup>	Online money transfer services	13,770	0.1	–		10,076
Transferwise Ltd Series E Pref. <sup>Ⓜ</sup>	Online money transfer services	7,849	0.1	–		5,761
Transferwise Ltd Series Seed Pref. <sup>Ⓜ</sup>	Online money transfer services	4,110	<0.1	–		2,696
Transferwise Ltd Series C Pref. <sup>Ⓜ</sup>	Online money transfer services	606	<0.1	–		424
		137,946	0.9	0.2		97,915
Kinnevik	Investment company	134,271	0.9	0.9		56,880
Intuitive Surgical	Surgical robots	133,928	0.9	0.4		97,625
Atlas Copco	Engineering	129,303	0.8	0.4		94,603
Grail Inc Series B Pref. <sup>Ⓜ</sup>	Clinical stage biotechnology company	127,938	0.8	0.4		77,077
Stripe Inc Series G Pref. <sup>Ⓜ</sup>	Online payment platform	124,465	0.8	0.5	Significant addition	29,597
Space Exploration Technologies Corp Series J Pref. <sup>Ⓜ</sup>	Designs, manufactures and launches rockets and spacecraft	67,371	0.5	0.1		57,234
Space Exploration Technologies Corp Series N Pref. <sup>Ⓜ</sup>	Designs, manufactures and launches rockets and spacecraft	54,146	0.3	–	New purchase	–
		121,517	0.8	0.1		57,234
Pinduoduo Inc	Chinese e-commerce	119,721	0.8	1.1		60,602

\* Contribution to absolute performance has been calculated on a total return basis over the period 1 April 2020 to 30 September 2020. For a definition of total return please see Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

† Significant additions and reductions to investments have been noted where the change is at least a 20% movement from the value of the holding at 31 March 2020. The change in value over the period also reflects the share price performance and the movement in exchange rates.

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<sup>Ⓜ</sup> Denotes listed security previously held in the portfolio as an unlisted (private company) security.

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Name	Business	Fair value 30 September 2020 £'000	% of total assets	Contribution to absolute performance* %	Notes †	Fair value 31 March 2020 £'000
Carvana	Online platform for buying used cars	110,248	0.7	0.3	New purchase	–
NorthVolt AB Preference E1 <sup>Ⓞ</sup>	Battery developer and manufacturer, specialised in lithium-ion technology for electric vehicles	104,038	0.7	–	New purchase	–
Tanium Inc Class B Common <sup>Ⓞ</sup>	Provides security and systems management solutions	100,565	0.6	0.2	Significant addition	46,629
Trip.com	Travel agent	99,248	0.6	0.2		78,099
Vir Biotechnology Inc <sup>Ⓞ</sup>	Biotechnology company developing anti-infective therapies	97,754	0.6	–		95,187
Anaplan Inc Common <sup>Ⓞ</sup>	Enterprise planning software	90,585	0.6	0.6		45,661
KE Holdings	Chinese real estate platform	88,890	0.6	0.4	New purchase	–
Snowflake Inc Class B Common <sup>Ⓞ</sup>	Developer of a SaaS-based cloud data warehousing platform	53,253	0.4	0.3		8,584
Snowflake Inc Class A Common <sup>Ⓞ</sup>	Developer of a SaaS-based cloud data warehousing platform	34,053	0.2	0.1	New purchase	–
		87,306	0.6	0.4		8,584
Ocado	Online grocery retailer and technology provider	82,820	0.5	0.1	New purchase	–
Housing Development Finance Corporation	Indian mortgage provider	77,448	0.5	0.1		73,911
Zipline International Inc Series D Pref. <sup>Ⓞ</sup>	Logistics company that designs, manufactures and operates drones to deliver medical supplies	38,380	0.3	0.1		28,204
Zipline International Inc Series C Pref. <sup>Ⓞ</sup>	Logistics company that designs, manufactures and operates drones to deliver medical supplies	32,775	0.2	0.1		20,258
		71,155	0.5	0.2		48,462
Indigo Agriculture Inc Series D Pref. <sup>Ⓞ</sup>	Analyses plant microbiomes to increase crop yields	30,180	0.2	(0.1)		37,834
Indigo Agriculture Inc Series E Pref. <sup>Ⓞ</sup>	Analyses plant microbiomes to increase crop yields	17,782	0.1	–		19,531
Indigo Agriculture Inc Series F Pref. <sup>Ⓞ</sup>	Analyses plant microbiomes to increase crop yields	16,939	0.1	–	Sub promissory note conversion and significant addition	10,126
Indigo Agriculture Inc Common <sup>Ⓞ</sup>	Analyses plant microbiomes to increase crop yields	3,390	<0.1	–	Significant addition	2,120
		68,291	0.4	(0.1)		69,611
Bytedance Ltd Series E Pref. <sup>Ⓞ</sup>	Social media	67,750	0.4	0.1		60,486
CureVac <sup>Ⓞ</sup>	Biotechnology	63,759	0.4	0.4	Significant addition	12,680

\* Contribution to absolute performance has been calculated on a total return basis over the period 1 April 2020 to 30 September 2020. For a definition of total return please see Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

† Significant additions and reductions to investments have been noted where the change is at least a 20% movement from the value of the holding at 31 March 2020. The change in value over the period also reflects the share price performance and the movement in exchange rates.

<sup>Ⓞ</sup> Denotes unlisted (private company) security.

<sup>Ⓢ</sup> Denotes listed security previously held in the portfolio as an unlisted (private company) security.

Past performance is not a guide to future performance.

Name	Business	Fair value 30 September 2020 £'000	% of total assets	Contribution to absolute performance* %	Notes †	Fair value 31 March 2020 £'000
Carbon Inc Series D Pref.Ⓞ	Manufactures and develops 3D printers	37,631	0.2	0.1		28,031
Carbon Inc Series E Pref.Ⓞ	Manufactures and develops 3D printers	23,542	0.2	0.1		19,394
		61,173	0.4	0.2		47,425
Recursion Pharmaceuticals Inc Series C Pref.Ⓞ	Uses image recognition/machine learning and automation to improve drug discovery	39,902	0.3	–		37,136
Recursion Pharmaceuticals Inc Series D Pref.Ⓞ	Uses image recognition/machine learning and automation to improve drug discovery	19,338	0.1	–	New purchase	–
		59,240	0.4	–		37,136
Affirm Inc Series F Pref.Ⓞ	Online platform which provides lending and consumer credit services	33,328	0.2	0.1		22,979
Affirm Inc Series G Pref.Ⓞ	Online platform which provides lending and consumer credit services	14,697	0.1	–	New purchase	–
Affirm Inc Series G-1 Pref.Ⓞ	Online platform which provides lending and consumer credit services	9,134	0.1	–	New purchase	–
		57,159	0.4	0.1		22,979
JAND Inc (Warby Parker) Series D Pref.Ⓞ	Online and physical glasses retailer	27,526	0.2	–		23,631
JAND Inc (Warby Parker) Series A CommonⓄ	Online and physical glasses retailer	17,750	0.1	–		15,239
JAND Inc (Warby Parker) Series E Pref.Ⓞ	Online and physical glasses retailer	6,690	<0.1	–		5,744
		51,966	0.3	–		44,614
Essence Healthcare Series 3 Pref.Ⓞ	Cloud-based health provider	50,873	0.3	0.1		45,391
Jiangxiaobai Holdings Ltd Series C Pref.Ⓞ	Producer of alcoholic beverages	48,699	0.3	–	New purchase	–
Rocket Internet	Internet start-up factory	47,483	0.3	–		45,777
Sana Biotechnology Inc Series B Pref.Ⓞ	Biotechnology company creating and delivering engineered cells as medicine	32,230	0.2	–	New purchase	–
Sana Biotechnology Inc Series A-2 Pref.Ⓞ	Biotechnology company creating and delivering engineered cells as medicine	12,371	0.1	–		8,011
		44,601	0.3	–		8,011
Palantir TechnologiesⓄ	Data integration software and service provider	41,199	0.3	0.1		26,535
Heartflow Inc Series E Pref.Ⓞ	Develops software for cardiovascular disease diagnosis and treatment	39,774	0.3	–		38,009

\* Contribution to absolute performance has been calculated on a total return basis over the period 1 April 2020 to 30 September 2020. For a definition of total return please see Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

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Ⓞ Denotes unlisted (private company) security.

Ⓞ Denotes listed security previously held in the portfolio as an unlisted (private company) security.

Past performance is not a guide to future performance.

Name	Business	Fair value 30 September 2020 £'000	% of total assets	Contribution to absolute performance* %	Notes †	Fair value 31 March 2020 £'000
Epic Games Inc <sup>Ⓞ</sup>	Gaming platform	38,675	0.3	–	New purchase	–
Alnylam Pharmaceuticals	Biotechnology	36,780	0.2	0.2		28,682
The Production Board Series A-2 Pref. <sup>Ⓞ</sup>	Holding company for food technology companies	35,891	0.2	–		36,130
AUTO1 Group GmbH Series E Pref. <sup>Ⓞ</sup>	Online retailer of used cars	35,429	0.2	0.1		22,277
Thumbtack Inc Series G Pref. <sup>Ⓞ</sup>	Online directory service for local businesses	28,995	0.2	–		30,942
Thumbtack Inc Series H Pref. <sup>Ⓞ</sup>	Online directory service for local businesses	5,799	<0.1	–		6,188
		34,794	0.2	–		37,130
Bolt Threads Inc Series D Pref. <sup>Ⓞ</sup>	Natural fibres and fabrics manufacturer	26,247	0.2	–		24,181
Bolt Threads Inc Convertible Promissory Note <sup>Ⓞ</sup>	Natural fibres and fabrics manufacturer	7,672	<0.1	–		7,236
		33,919	0.2	–		31,417
Lyft Inc <sup>Ⓞ</sup>	Ridesharing services	32,904	0.2	0.1		33,372
Full Truck Alliance Ltd Series A-15 Pref. <sup>Ⓞ</sup>	Freight-truck matching platform	32,844	0.2	–		28,976
JRSK Inc (Away) Series D Pref. <sup>Ⓞ</sup>	Manufactures luggage	16,348	0.1	(0.1)		21,388
JRSK Inc (Away) Convertible Promissory Note <sup>Ⓞ</sup>	Manufactures luggage	8,509	0.1	–	New purchase	–
JRSK Inc (Away) Series Seed Pref. <sup>Ⓞ</sup>	Manufactures luggage	7,782	<0.1	(0.1)		14,804
		32,639	0.2	(0.2)		36,192
Clover Health Investments Series D Pref. <sup>Ⓞ</sup>	Healthcare insurance provider	31,632	0.2	0.1		25,499
Lilium GmbH Series B-2 <sup>Ⓞ</sup>	On demand air transportation	29,217	0.2	–	New purchase	–
Bluebird Bio Inc	Provider of biotechnological products and services	29,003	0.2	0.1		25,755
Zymergen Inc <sup>Ⓞ</sup>	Developer of molecular technology	27,073	0.2	–	New purchase	–
Uptake Technologies Inc Series D Pref. <sup>Ⓞ</sup>	Designs and develops enterprise software	24,127	0.2	–		26,375
Convoy Inc Series D Pref. <sup>Ⓞ</sup>	Marketplace for truckers and shippers	22,571	0.2	–		22,408
Innovation Works Development Fund <sup>Ⓞ</sup>	Venture capital fund	20,298	0.1	–		19,329
Slack Technologies Inc <sup>Ⓞ</sup>	Enterprise messaging platform	19,197	0.1	–		20,030
ARCH Ventures Fund IX <sup>Ⓞ</sup>	Venture capital fund to invest in biotech start-ups	19,173	0.1	0.1		14,028
Airbnb Inc Series E Pref. <sup>Ⓞ</sup>	Online market place for travel accommodation	18,572	0.1	–		20,625

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<sup>Ⓞ</sup> Denotes unlisted (private company) security.

<sup>Ⓢ</sup> Denotes listed security previously held in the portfolio as an unlisted (private company) security.

Past performance is not a guide to future performance.

Name	Business	Fair value 30 September 2020 £'000	% of total assets	Contribution to absolute performance* %	Notes †	Fair value 31 March 2020 £'000
Zocdoc Inc Series D-2 Pref.Ⓞ	Online platform for searching for doctors and booking appointments	17,229	0.1	–		16,862
Aurora Innovation Inc Series B Pref.Ⓞ	Developer of driverless vehicle technology	16,156	0.1	(0.1)		20,161
Eventbrite IncⓄ	Online ticketing service	13,671	0.1	0.1		9,599
Rubius Therapeutics IncⓄ	Biotechnology	13,275	0.1	–		12,156
Joby Aero Inc Series C Pref.Ⓞ	Electric aircraft	11,603	0.1	–		10,704
KSQ Therapeutics Inc Series C Pref.Ⓞ	Biotechnology company	9,626	0.1	(0.1)		17,887
Udacity Inc Series D Pref.Ⓞ	Online education	9,390	0.1	–		9,774
Orchard TherapeuticsⓄ	Gene therapy for rare diseases	8,711	0.1	–		16,551
Unity BiotechnologyⓄ	Clinical stage biotechnology company	8,602	0.1	–		14,878
WI Harper Fund VIIIⓄ	Venture capital fund	8,183	0.1	–		7,540
Sinovation Fund IIIⓄ	Venture capital fund	7,282	0.1	–		7,694
WI Harper Fund VIIⓄ	Venture capital fund	6,423	<0.1	–		5,515
Global AI Opportunities Fund	Artificial intelligence based algorithmic trading	4,525	<0.1	–		4,358
ARCH Ventures Fund X OverageⓄ	Venture capital fund to invest in biotech start-ups	2,744	<0.1	–	Additional investment	813
ARCH Ventures Fund XⓄ	Venture capital fund to invest in biotech start-ups	2,530	<0.1	–	Additional investment	845
Intarcia Therapeutics Inc Series EE Pref.Ⓞ‡	Implantable drug delivery system	–	–	–		2,671
Intarcia Therapeutics Inc Convertible BondⓄ‡	Implantable drug delivery system	–	–	(0.1)		3,370
Intarcia Therapeutics Inc CommonⓄ‡	Implantable drug delivery system	–	–	–		62
		–	–	(0.1)		6,103
<b>Total Investments</b>		<b>15,436,406</b>	<b>99.7</b>			
Net Liquid Assets#		54,093	0.3			
<b>Total Assets#</b>		<b>15,490,499</b>	<b>100.0</b>			

\* Contribution to absolute performance has been calculated on a total return basis over the period 1 April 2020 to 30 September 2020. For a definition of total return please see Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

† Significant additions and reductions to investments have been noted where the change is at least a 20% movement from the value of the holding at 31 March 2020. The change in value over the period also reflects the share price performance and the movement in exchange rates.

# See Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

‡ The Intarcia Therapeutics holdings are valued at nil at 30 September 2020.

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Ⓞ Denotes listed security previously held in the portfolio as an unlisted (private company) security.

The investment in Facebook was sold during the period.

Source: Baillie Gifford/StatPro.

Past performance is not a guide to future performance.

## Private Company Investing

Since we began private company investing in 2010, it has increasingly played a more prominent role within the portfolio. A path is emerging, where companies enter the portfolio when private and are held through IPO, when they become publicly listed. It is worth noting that 36.5% of the portfolio at the period end consisted of companies which were private companies at the time of initial purchase. Over the last two years alone, 23 new companies were purchased but only six of these were public at the time of investment. Meantime, a flow of companies has been

listing on public markets, recently including the likes of CureVac, Snowflake and Palantir. Over the last five years, those companies that started within the portfolio as private companies, regardless of their status now, contributed 9.6% per annum to shareholder returns. For context, five years ago the total allocation to these companies was a mere 12.9%. In recognition of the contribution being made to shareholder returns, additional performance information on these companies is provided here for shareholders. This will now be done on an annual basis.

### Performance of Listed Holdings at 30 September 2020 Held Previously as Private Company Investments From Date of Initial Investment of Each Holding to 30 September 2020

(absolute performance in sterling terms %)



### Absolute Performance to 30 September 2020

	Total return (%)* since inception (2 June 2010)†
Overall investment portfolio	753.0
Private and previously private companies	732.1
FTSE All-World Index (in sterling terms)	205.1

\* For a definition of total return please see Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

† Date of investment in first private company security. Source: StatPro/Baillie Gifford and underlying index providers.

## Income Statement (unaudited)

For the six months ended 30 September

	Notes	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Gains on investments		–	6,376,063	<b>6,376,063</b>	–	289,983	<b>289,983</b>
Currency gains/(losses)		–	6,895	<b>6,895</b>	–	(10,394)	<b>(10,394)</b>
Income from investments and interest receivable		10,659	–	<b>10,659</b>	18,860	–	<b>18,860</b>
Investment management fee	3	–	(18,727)	<b>(18,727)</b>	–	(11,613)	<b>(11,613)</b>
Other administrative expenses		(3,279)	–	<b>(3,279)</b>	(1,926)	–	<b>(1,926)</b>
<b>Net return before finance costs and taxation</b>		<b>7,380</b>	<b>6,364,231</b>	<b>6,371,611</b>	<b>16,934</b>	<b>267,976</b>	<b>284,910</b>
Finance costs of borrowings		–	(15,764)	<b>(15,764)</b>	–	(15,741)	<b>(15,741)</b>
<b>Net return on ordinary activities before taxation</b>		<b>7,380</b>	<b>6,348,467</b>	<b>6,355,847</b>	<b>16,934</b>	<b>252,235</b>	<b>269,169</b>
Tax on ordinary activities		(387)	–	<b>(387)</b>	(622)	–	<b>(622)</b>
<b>Net return on ordinary activities after taxation</b>		<b>6,993</b>	<b>6,348,467</b>	<b>6,355,460</b>	<b>16,312</b>	<b>252,235</b>	<b>268,547</b>
<b>Net return per ordinary share</b>	4	<b>0.48p</b>	<b>433.36p</b>	<b>433.84p</b>	<b>1.10p</b>	<b>17.01p</b>	<b>18.11p</b>
<b>Dividends proposed per ordinary share</b>	5	<b>1.45p</b>			<b>1.39p</b>		

The accompanying notes on pages 18 to 20 are an integral part of the Financial Statements.

The total column of this statement is the profit and loss account of the Company. The supplementary revenue and capital return columns are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in this statement derive from continuing operations.

A Statement of Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above statement.

## Balance Sheet (unaudited)

	Notes	At 30 September 2020 £'000	At 31 March 2020 (audited) £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	6	15,436,406	9,079,650
<b>Current assets</b>			
Debtors		769	48,420
Cash and cash equivalents		77,956	38,526
		78,725	86,946
<b>Creditors</b>			
Amounts falling due within one year:			
Bank loans	7	(282,333)	(294,367)
Debenture stock	7	–	(20,161)
Other creditors		(24,632)	(15,187)
		(306,965)	(329,715)
<b>Net current liabilities</b>			
		(228,240)	(242,769)
<b>Total assets less current liabilities</b>			
		15,208,166	8,836,881
<b>Creditors</b>			
Amounts falling due after more than one year:			
Loan notes	7	(485,096)	(464,112)
Debenture stocks	7	(127,999)	(128,135)
		(613,095)	(592,247)
		<b>14,595,071</b>	<b>8,244,634</b>
<b>Capital and reserves</b>			
Share capital		74,239	74,239
Share premium account		822,934	764,521
Capital redemption reserve		19,094	19,094
Capital reserve		13,671,811	7,363,915
Revenue reserve		6,993	22,865
<b>Shareholders' funds</b>			
		<b>14,595,071</b>	<b>8,244,634</b>
<b>Net asset value per ordinary share</b>			
(after deducting borrowings at book)*		<b>999.8p</b>	<b>567.3p</b>
<b>Ordinary shares in issue</b>			
	9	<b>1,459,765,760</b>	<b>1,453,259,808</b>

\* See Glossary of Terms and Alternative Performance Measures on pages 22 and 23.

The accompanying notes on pages 18 to 20 are an integral part of the Financial Statements.

## Statement of Changes in Equity (unaudited)

### For the six months ended 30 September 2020

	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 April 2020		74,239	764,521	19,094	7,363,915	22,865	<b>8,244,634</b>
Net return on ordinary activities after taxation		–	–	–	6,348,467	6,993	<b>6,355,460</b>
Shares bought back		–	–	–	(164,564)	–	<b>(164,564)</b>
Shares sold from treasury	9	–	58,413	–	128,434	–	<b>186,847</b>
Dividends paid during the period	5	–	–	–	(4,441)	(22,865)	<b>(27,306)</b>
<b>Shareholders' funds at 30 September 2020</b>		<b>74,239</b>	<b>822,934</b>	<b>19,094</b>	<b>13,671,811</b>	<b>6,993</b>	<b>14,595,071</b>

### For the six months ended 30 September 2019

	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 April 2019		73,713	710,569	19,094	6,602,885	23,669	<b>7,429,930</b>
Net return on ordinary activities after taxation		–	–	–	252,235	16,312	<b>268,547</b>
Shares issued	9	526	53,952	–	–	–	<b>54,478</b>
Dividends paid during the period	5	–	–	–	(2,128)	(23,669)	<b>(25,797)</b>
<b>Shareholders' funds at 30 September 2019</b>		<b>74,239</b>	<b>764,521</b>	<b>19,094</b>	<b>6,852,992</b>	<b>16,312</b>	<b>7,727,158</b>

\* The Capital Reserve balance at 30 September 2020 includes investment holding gains on fixed asset investments of £9,878,399,000 (30 September 2019 – gains of £4,129,108,000).

The accompanying notes on pages 18 to 20 are an integral part of the Financial Statements.

## Cash Flow Statement (unaudited)

For the six months ended 30 September

	Notes	2020 £'000	2019 £'000
<b>Cash flows from operating activities</b>			
Net return on ordinary activities before taxation		6,355,847	269,169
Gains on investments		(6,376,063)	(289,983)
Currency (gains)/losses		(6,895)	10,394
Finance costs of borrowings		15,764	15,741
Overseas withholding tax refunded		–	145
Overseas withholding tax incurred		(387)	(767)
Changes in debtors and creditors		10,634	(748)
<b>Cash from operations</b>		(1,100)	3,951
Interest paid		(16,477)	(16,053)
<b>Net cash outflow from operating activities</b>		(17,577)	(12,102)
<b>Net cash inflow from investing activities</b>			
Equity dividends paid	5	(27,306)	(25,797)
Shares bought back into treasury and stamp duty thereon		(164,534)	–
Shares sold from treasury		186,847	–
Shares issued		–	54,478
Debenture repaid		(20,000)	–
Bank loans drawn down and loan notes issued	7	19,972	–
<b>Net cash (outflow)/inflow from financing activities</b>		(5,021)	28,681
Increase in cash and cash equivalents		43,573	114,998
Exchange movements		(4,143)	5,688
Cash and cash equivalents at start of period		38,526	35,587
<b>Cash and cash equivalents at end of period*</b>		<b>77,956</b>	<b>156,273</b>

\* Cash and cash equivalents represent cash at bank and short term money market deposits repayable on demand.

The accompanying notes on pages 18 to 20 are an integral part of the Financial Statements.

## Notes to the Financial Statements (unaudited)

- 1 The condensed Financial Statements for the six months to 30 September 2020 comprise the statements set out on pages 14 to 17 together with the related notes on pages 18 to 20. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the AIC's Statement of Recommended Practice issued in November 2014 and updated in October 2019 with consequential amendments. They have not been audited or reviewed by the Auditor pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information'. The Financial Statements for the six months to 30 September 2020 have been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements at 31 March 2020.

### Going Concern

The Directors have considered the nature of the Company's assets, its liabilities, projected income and expenditure together with its investment objective and policy, dividend policy and principal risks and uncertainties, as set out on the inside front cover. The Board has, in particular, considered the impact of heightened market volatility since the coronavirus outbreak but does not believe the Company's going concern status is affected. The Company's assets, the majority of which are in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) Regulations 2011. Accordingly, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements and confirm that they are not aware of any material uncertainties which may affect the Company's ability to continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements.

- 2 The financial information contained within this Interim Financial Report does not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006. The financial information for the year ended 31 March 2020 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditors' Report on those accounts was not qualified, did not include a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying its report and did not contain statements under sections 498 (2) or (3) of the Companies Act 2006.
- 3 Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed by the Company as its Alternative Investment Fund Manager (AIFM) and Company Secretary. The investment management function has been delegated to Baillie Gifford & Co. The management agreement can be terminated on six months' notice. The annual management fee is 0.30% on the first £4 billion of total assets less current liabilities (excluding short term borrowings for investment purposes) and 0.25% thereafter, calculated and payable quarterly.

### 4 Net Return per Ordinary Share

	Six months to 30 September 2020 £'000	Six months to 30 September 2019 £'000
Revenue return on ordinary activities after taxation	6,993	16,312
Capital return on ordinary activities after taxation	6,348,467	252,235
<b>Total net return</b>	<b>6,355,460</b>	<b>268,547</b>
<b>Weighted average number of ordinary shares in issue</b>	<b>1,464,928,674</b>	<b>1,482,684,432</b>

The net return per ordinary share figures are based on the above totals of revenue and capital and the weighted average number of ordinary shares in issue during each period.

There are no dilutive or potentially dilutive shares in issue.

### 5 Dividends

	Six months to 30 September 2020 £'000	Six months to 30 September 2019 £'000
<b>Amounts recognised as distributions in the period:</b>		
Previous year's final dividend of 1.86p (2019 – 1.74p), paid 1 July 2020	27,306	25,797
	<b>27,306</b>	<b>25,797</b>
<b>Dividends proposed in the period:</b>		
Interim dividend for the year ending 31 March 2021 of 1.45p (2020 – 1.39p)	21,167	20,638
	<b>21,167</b>	<b>20,638</b>

The interim dividend was declared after the period end date and has therefore not been included as a liability in the Balance Sheet. It is payable on 4 December 2020 to shareholders on the register at the close of business on 20 November 2020. The ex-dividend date is 19 November 2020. The Company's Registrars offer a Dividend Reinvestment Plan and the final date for elections for this dividend is 23 November 2020.

## 6 Fair Value

The fair value hierarchy used to analyse the basis on which the fair values of financial instruments held at fair value through the profit and loss account are measured is described below. Fair value measurements are categorised on the basis of the lowest level input that is significant to the fair value measurement.

Level 1 – using unadjusted quoted prices for identical instruments in an active market;

Level 2 – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

Level 3 – using inputs that are unobservable (for which market data is unavailable).

The Company's investments are financial assets designated at fair value through profit or loss. An analysis of the Company's financial asset investments based on the fair value hierarchy described above is shown below.

### Investments held at fair value through profit or loss

As at 30 September 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equities/funds	12,783,463	–	–	<b>12,783,463</b>
Unlisted ordinary shares	–	–	439,020	<b>439,020</b>
Unlisted preference shares	–	–	2,197,743	<b>2,197,743</b>
Unlisted convertible note	–	–	16,180	<b>16,180</b>
<b>Total financial asset investments</b>	<b>12,783,463</b>	<b>–</b>	<b>2,652,943</b>	<b>15,436,406</b>

As at 31 March 2020 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equities/funds	7,238,048	–	–	<b>7,238,048</b>
Unlisted ordinary shares	–	–	302,049	<b>302,049</b>
Unlisted preference shares	–	–	1,518,821	<b>1,518,821</b>
Unlisted convertible notes	–	–	20,732	<b>20,732</b>
<b>Total financial asset investments</b>	<b>7,238,048</b>	<b>–</b>	<b>1,841,602</b>	<b>9,079,650</b>

During the period, investments with a book cost of £59,323,000 were transferred from Level 3 to Level 1 on becoming listed. The fair value of listed investments is bid value or, in the case of holdings on certain recognised overseas exchanges, last traded price. Listed Investments are categorised as Level 1 if they are valued using unadjusted quoted prices for identical instruments in an active market and as Level 2 if they do not meet all these criteria but are, nonetheless, valued using market data.

### Unlisted Investments

The Company's holdings in unlisted investments are categorised as Level 3. Unlisted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Managers. The Managers' unlisted investment policy applies techniques consistent with the International Private Equity and Venture Capital Valuation Guidelines 2018 ('IPEV'). The techniques applied are predominantly market-based approaches. The market-based approaches available under IPEV are set out below and are followed by an explanation of how they are applied to the Company's unlisted portfolio:

- Multiples;
- Industry Valuation Benchmarks; and
- Available Market Prices.

The nature of the unlisted portfolio will influence the valuation technique applied. The valuation approach recognises that, as stated in the IPEV Guidelines, the price of a recent investment, if resulting from an orderly transaction, generally represents fair value as at the transaction date and may be an appropriate starting point for estimating fair value at subsequent measurement dates. However, consideration is given to the facts and circumstances as at the subsequent measurement date, including changes in the market or performance of the investee company. Milestone analysis is used where appropriate to incorporate the operational progress of the investee company into the valuation. Additionally, the background to the transaction must be considered. As a result, various multiples-based techniques are employed to assess the valuations particularly in those companies with established revenues. Discounted cashflows are used where appropriate. An absence of relevant industry peers may preclude the application of the Industry Valuation Benchmarks technique and an absence of observable prices may preclude the Available Market Prices approach. All valuations are cross-checked for reasonableness by employing relevant alternative techniques.

The unlisted investments are valued according to a three monthly cycle of measurement dates. The fair value of the unlisted investments will be reviewed before the next scheduled three monthly measurement date on the following occasions:

- At the year end and half year end of the Company; and
- Where there is an indication of a change in fair value as defined in the IPEV guidelines (commonly referred to as 'trigger' events).

- 7 The total value of the borrowings (at book) is £895,428,000 (31 March 2020 – £906,775,000).

The bank loans falling due within one year are a US\$200 million revolving 3 year loan with National Australia Bank Limited ('NAB'), a US\$80 million revolving 3 year loan with The Royal Bank of Scotland International Limited ('RBS') and a US\$85 million revolving 2 year loan with RBS (31 March 2020 – US\$200 million revolving 2 year loan with NAB, a US\$80 million revolving 3 year loan with RBS and a US\$85 million revolving 2 year loan with RBS).

During the period, further to an arrangement made in 2017, a £20 million 3.65% unsecured loan maturing in 2044 was issued to finance the redemption of the £20 million 8–14% stepped interest debenture that matured on 30 September 2020.

On 21 April 2020, the US\$200 million 2 year revolving credit facility with NAB was refinanced with a US\$200 million 3 year revolving credit facility with NAB.

There are no bank loans falling due in more than one year (31 March 2020 – none).

- 8 The fair value of the borrowings at 30 September 2020 was £1,009,936,000 (31 March 2020 – £930,473,000).

## 9 Share Capital: Ordinary Shares of 5p Each

	At 30 September 2020	At 31 March 2020 (audited)
	No. of shares	No. of shares
Allotted, called up and fully paid	<b>1,459,765,760</b>	<b>1,453,259,808</b>

In the six months to 30 September 2020, the Company sold 24,175,000 ordinary shares from treasury with a nominal value of £1,209,000 at a premium to net asset value raising net proceeds of £186,847,000 (year to 31 March 2020 – issued 10,525,000 ordinary shares, with a nominal value of £526,000, at a premium to net asset value, raising net proceeds of £54,478,000).

In the six months to 30 September 2020, 17,669,048 ordinary shares with a nominal value of £883,000 were bought back at a total cost of £164,564,000 and held in treasury (year to 31 March 2020 – 31,521,072 shares with a nominal value of £1,576,000 were bought back at a total cost of £166,738,000 and held in treasury). At 30 September 2020 the Company had authority remaining to buy back 201,214,437 ordinary shares.

- 10 Transaction costs on acquisitions within the portfolio amounted to £1,364,000 (30 September 2019 – nil) and transaction costs on sales amounted to £88,000 (30 September 2019 – £133,000). These costs are included in the book cost of acquisitions and in the net proceeds of disposals.

## 11 Subsequent Events

### Unlisted investments

On 26 October the fair valuation of Ant International Limited was increased to £353,139,000 (an increase of £66,690,000 from the fair valuation at 30 September 2020) following the announcement of the opening listing price for its upcoming initial public offering (IPO).

## 12 Related Party Transactions

There have been no transactions with related parties during the first six months of the current financial year that have materially affected the financial position or the performance of the Company during that period and there have been no changes in the related party transactions described in the last Annual Report and Financial Statements that could have had such an effect on the Company during that period.

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

## Further Shareholder Information

### How to Invest

Scottish Mortgage's shares are traded on the London Stock Exchange. They can be bought through a stockbroker or by asking a professional adviser to do so. If you are interested in investing directly in Scottish Mortgage you can do so online. There are a number of companies offering real time online dealing services – find out more by visiting the investment trust pages at [www.bailliegifford.com](http://www.bailliegifford.com).

### Dividend Reinvestment Plan

Computershare operate a Dividend Reinvestment Plan which can be used to buy additional shares instead of receiving your dividend via cheque or into your bank account. For further information log in to [www.investorcentre.co.uk](http://www.investorcentre.co.uk) and follow the instructions or telephone 0870 707 1694.

### Risk Warnings

- Past performance is not a guide to future performance.
- Scottish Mortgage is a listed UK company. The value of its shares and any income from them can fall as well as rise and investors may not get back the amount invested.
- Scottish Mortgage's risk could be increased by its investment in unlisted investments. These assets may be more difficult to buy or sell, so changes in their prices may be greater.
- Scottish Mortgage invests in overseas securities. Changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.
- Scottish Mortgage invests in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.
- Scottish Mortgage has borrowed money to make further investments (sometimes known as 'gearing' or 'leverage'). The risk is that when this money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs and the Company will make a loss. If the Company's investments fall in value, any invested borrowings will increase the amount of this loss.

## Automatic Exchange of Information

In order to fulfil its obligations under UK tax legislation relating to the automatic exchange of information, Scottish Mortgage Investment Trust PLC is required to collect and report certain information about certain shareholders.

The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. Accordingly, Scottish Mortgage Investment Trust PLC will have to provide information annually to the local tax authority on the tax residencies of a number of

- Scottish Mortgage can buy back its own shares. The risks from borrowing, referred to above, are increased when a company buys back its own shares.
- Market values for securities which have become difficult to trade may not be readily available and there can be no assurance that any value assigned to such securities will accurately reflect the price the Company might receive upon their sale.
- Scottish Mortgage can make use of derivatives which may impact on its performance. Currently the Company does not make use of derivatives.
- Scottish Mortgage charges 100% of the investment management fee and 100% of borrowing costs to capital which reduces the capital value.

The Company is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority.

The staff of Baillie Gifford and the Directors of Scottish Mortgage may hold shares in Scottish Mortgage and may buy or sell such shares from time to time.

Further details of the risks associated with investing in the Company, including how charges are applied, can be found at [www.scottishmortgageit.com](http://www.scottishmortgageit.com), or by calling Baillie Gifford on 0800 917 2112.

The information and opinions expressed within this Interim Financial Report are subject to change without notice. The information on this page has been issued and approved by Baillie Gifford & Co Limited, the Managers and Secretaries, and does not in any way constitute investment advice.

non-UK based certificated shareholders and corporate entities. Shareholders, excluding those whose shares are held in CREST, who come on to the share register will be sent a certification form for the purposes of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders <https://www.gov.uk/government/publications/exchange-of-information-account-holders>.

## Third Party Data Provider Disclaimer

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### FTSE Index Data

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## Glossary of Terms and Alternative Performance Measures (APM)

### Total Assets

Total assets less current liabilities, before deduction of all borrowings.

### Net Asset Value

Also described as shareholders' funds. Net Asset Value (NAV) is the value of total assets less liabilities (including borrowings). Net Asset Value is calculated on the basis of borrowings stated at book value or fair value. An explanation of each basis is provided below. The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue (excluding treasury shares).

### Net Asset Value (Borrowings at Book)/Shareholders' Funds

Borrowings are valued at adjusted net issue proceeds. The value of the borrowings at book is set out in note 7 on page 20.

### Net Asset Value (Borrowings at Fair Value) (APM)

Borrowings are valued at an estimate of their market worth. The value of the borrowings at fair is set out in note 8 on page 20 and a reconciliation to Net Asset Value with borrowings at book value is provided below.

	30 September 2020	31 March 2020
Net Asset Value per ordinary share (borrowings at book value)	999.8p	567.3p
Shareholders' funds (borrowings at book value)	£14,595,071k	£8,244,634k
Add: book value of borrowings	£895,428k	£906,775k
Less: fair value of borrowings	(£1,009,936k)	(£930,473k)
Net Asset Value (borrowings at fair value)	£14,480,563k	£8,220,936k
Shares in issue at year end (excluding treasury shares)	1,459,765,760	1,453,259,808
Net Asset Value per ordinary share (borrowings at fair value)	992.0p	565.7p

### Net Liquid Assets

Net liquid assets comprise current assets less current liabilities, excluding borrowings.

### Discount/Premium (APM)

As stockmarkets and share prices vary, an investment trust's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, it is said to be trading at a premium.

## Gearing (APM)

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Gearing represents borrowings at book value less cash and cash equivalents (including any outstanding trade settlements) expressed as a percentage of shareholders' funds.

## Turnover (APM)

Annual turnover is calculated by dividing the lower of purchases and sales by the average of opening and closing total assets.

## Active Share (APM)

Active share, a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

## Total Return (APM)

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend.

		30 September 2020			30 September 2019		
		NAV (book)	NAV (fair)	Share price	NAV (book)	NAV (fair)	Share price
Closing NAV per share/share price	(a)	999.8p	992.0p	991.0p	520.4p	515.1p	503.5p
Dividend adjustment factor*	(b)	1.0026	1.0025	1.0023	1.0033	1.0033	1.0036
Adjusted closing NAV per share/share price	(c = a x b)	1002.4p	994.5p	993.3p	522.1p	516.8p	505.3p
Opening NAV per share/share price	(d)	567.3p	565.7p	573.5p	504.0p	500.8p	512.0p
<b>Total return</b>	(c ÷ d) - 1	<b>76.7%</b>	<b>75.8%</b>	<b>73.2%</b>	<b>3.6%</b>	<b>3.2%</b>	<b>(1.3%)</b>

\* The dividend adjustment factor is calculated on the assumption that the final dividend of 1.86p (2019 – 1.74p) paid by the Company during the period was reinvested into shares of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

## Directors

Chair:  
FC McBain ACA

LJ Dowley FCA  
Professor A Bhidé  
Professor PH Maxwell DPhil  
FRCP FMedSci  
Professor P Subacchi

## Alternative Investment Fund Managers, Secretaries and Registered Office

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## Registrar

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Tel: 0370 707 1300

## Company Brokers

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Exchange Building  
10 Paternoster Square  
London EC4M 7LT

Jefferies Hoare Govett  
Vintners Place  
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London EC4V 3BJ

## Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants  
and Statutory Auditors  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

## Depositary

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

## Company Details

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Company Registration  
No. SC007058  
ISIN GB00BLDYK618  
Sedol BLDYK61  
Ticker SMT

Legal Entity Identifier:  
213800G37DCS3Q9IJM38

## Further Information

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