

SCOTTISH MORTGAGE INVESTMENT TRUST PLC

INVEST IN PROGRESS

April 2019



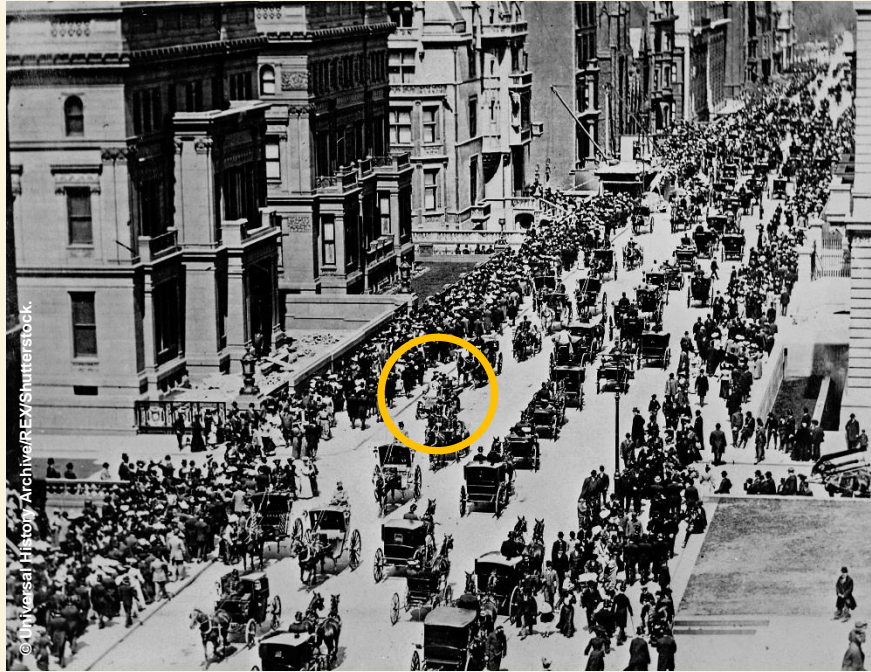
Over Time Things Change

Scottish Mortgage began in 1909

**Model T Ford first produced
in 1908**



Change Can be Hard to See Coming From The Inside



1903



1913

What We Do

Search for outstanding growth companies

- Global and unconstrained

Long-term actual investment

- Not speculation

Constructive support

- Encourage extraordinary ambitions to solve extraordinary problems

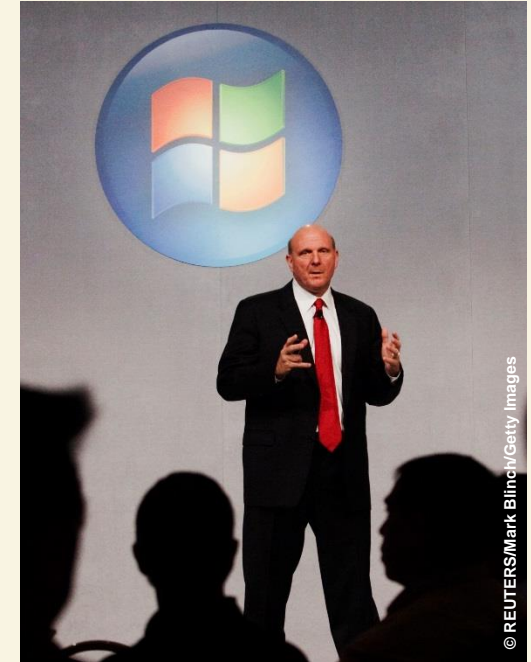
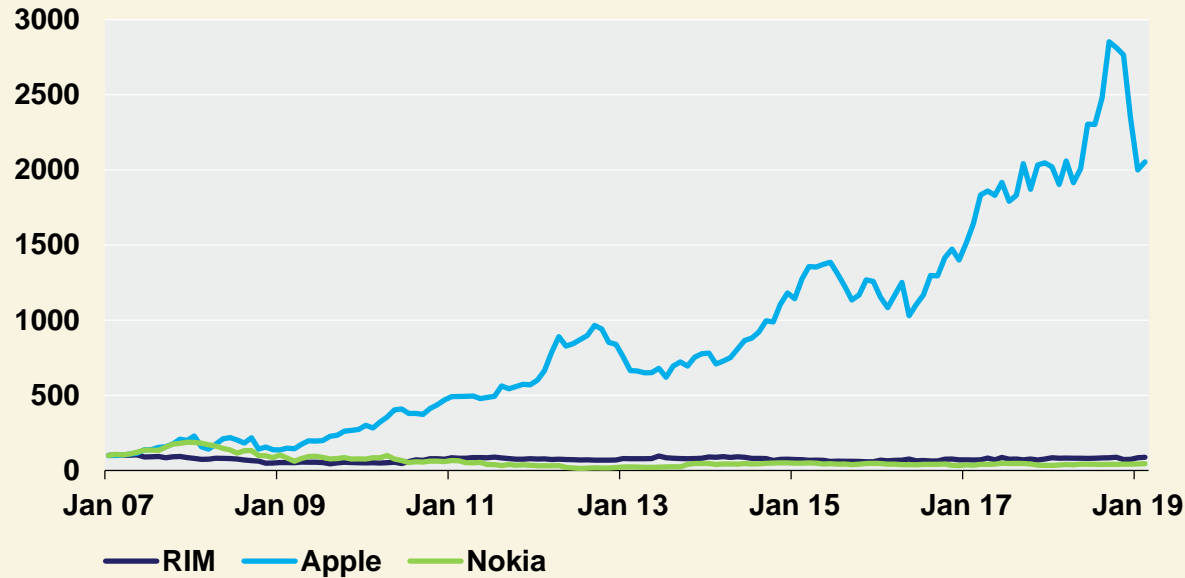
Low cost for shareholders

- Benefit of scale

Investment trust structure of Scottish Mortgage is the perfect vehicle to do this

When Structural Change Comes

Share Price Over Time



Source: Datastream content from Refinitiv, sterling. Rebased to 100 at 1 January 2007. Data to 1 February 2019.

Retail: Amazon



Source: visualcapitalist.com, eMarketer, Statista, Amazon Press Release published 17 August 2018.



Walmart revenue
as at 31 January 2019:
\$514bn

Amazon revenue
as at 31 December 2018:
\$233bn

Source: Walmart and Amazon.

Spotify



207m
monthly active
users



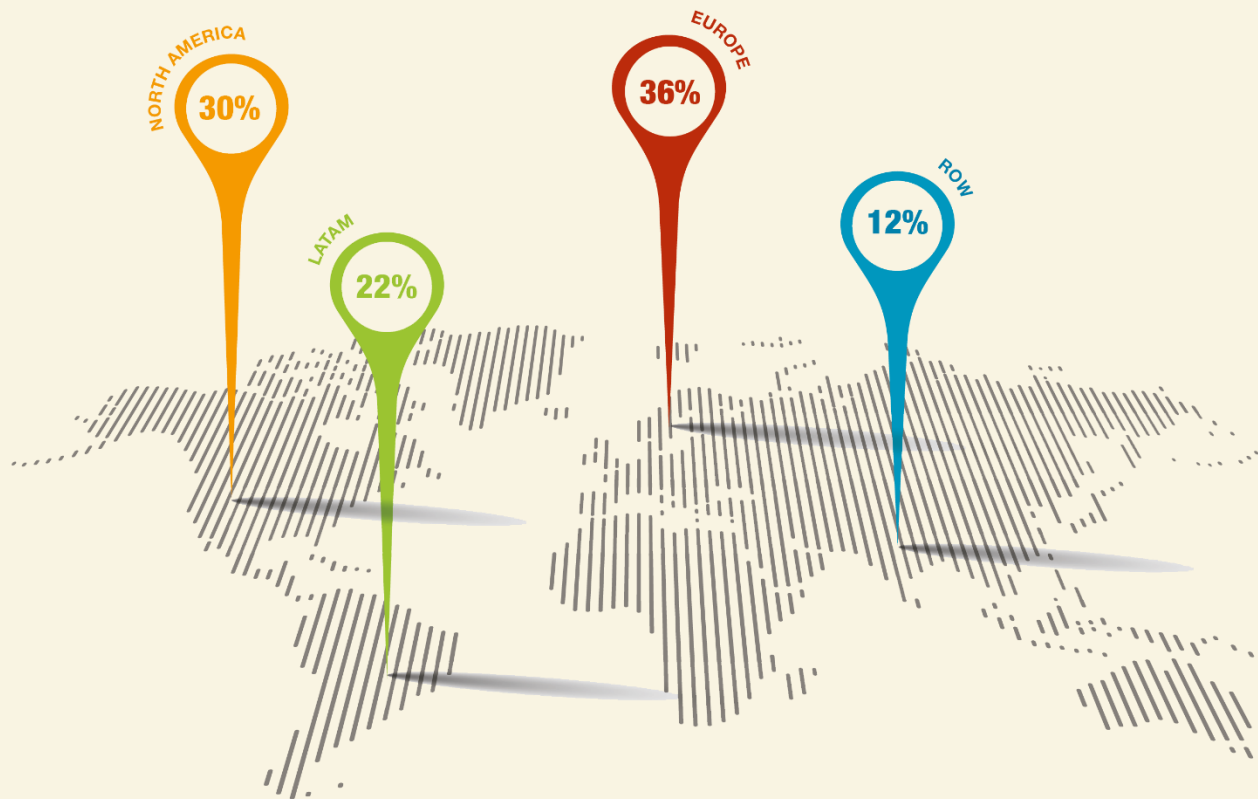
96m
subscribers



40m+
Songs



79
countries



Monthly active users by geography.
© Spotify. Source: Spotify.

Travel

Founded 2008

81,000 cities

191+ countries

Over 400 million+ guests

5 million+ listings worldwide

Source: Baillie Gifford & Co, Eikon content from Refinitiv, Factset, Airbnb and MSCI. 2018 market caps as at 31 December 2018. US dollars.
Airbnb first investment 14 July 2015. Industry data based on MSCI AC World.



\$26bn
First Investment
\$29bn
2018



\$37bn
2018

**Hotels
and
Resorts
in total**



\$142bn
2018

No hotel chain has more rooms than Airbnb has instantly bookable listings

Food Delivery



\$27bn (IPO)
2018

\$18.5bn
First investment



\$7bn
2018

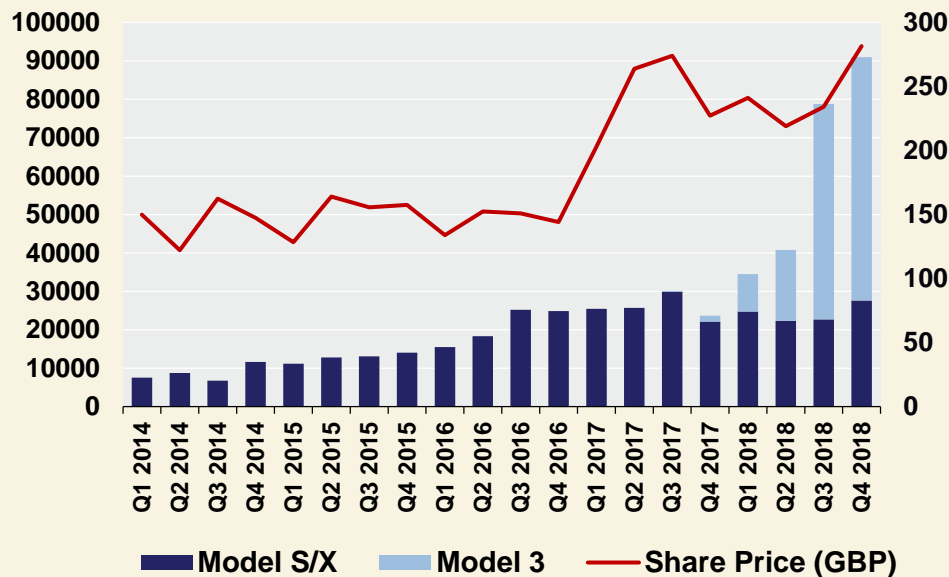
GRUBHUB

\$7bn
2018



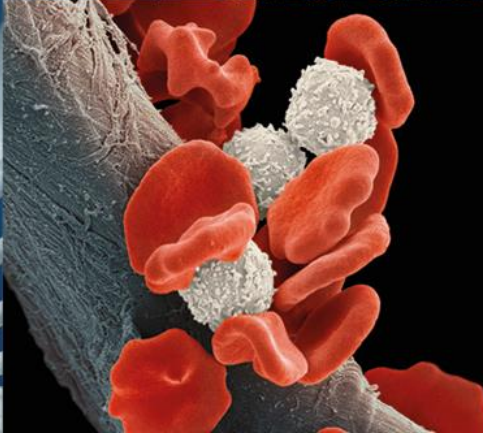
Source: Baillie Gifford & Co and Eikon content from Refinitiv. 2018 market caps as at 31 December 2018. US dollars.
Meituan Dianping first investment 30 November 2015.

Number of Vehicles Produced and Share Price Over Time

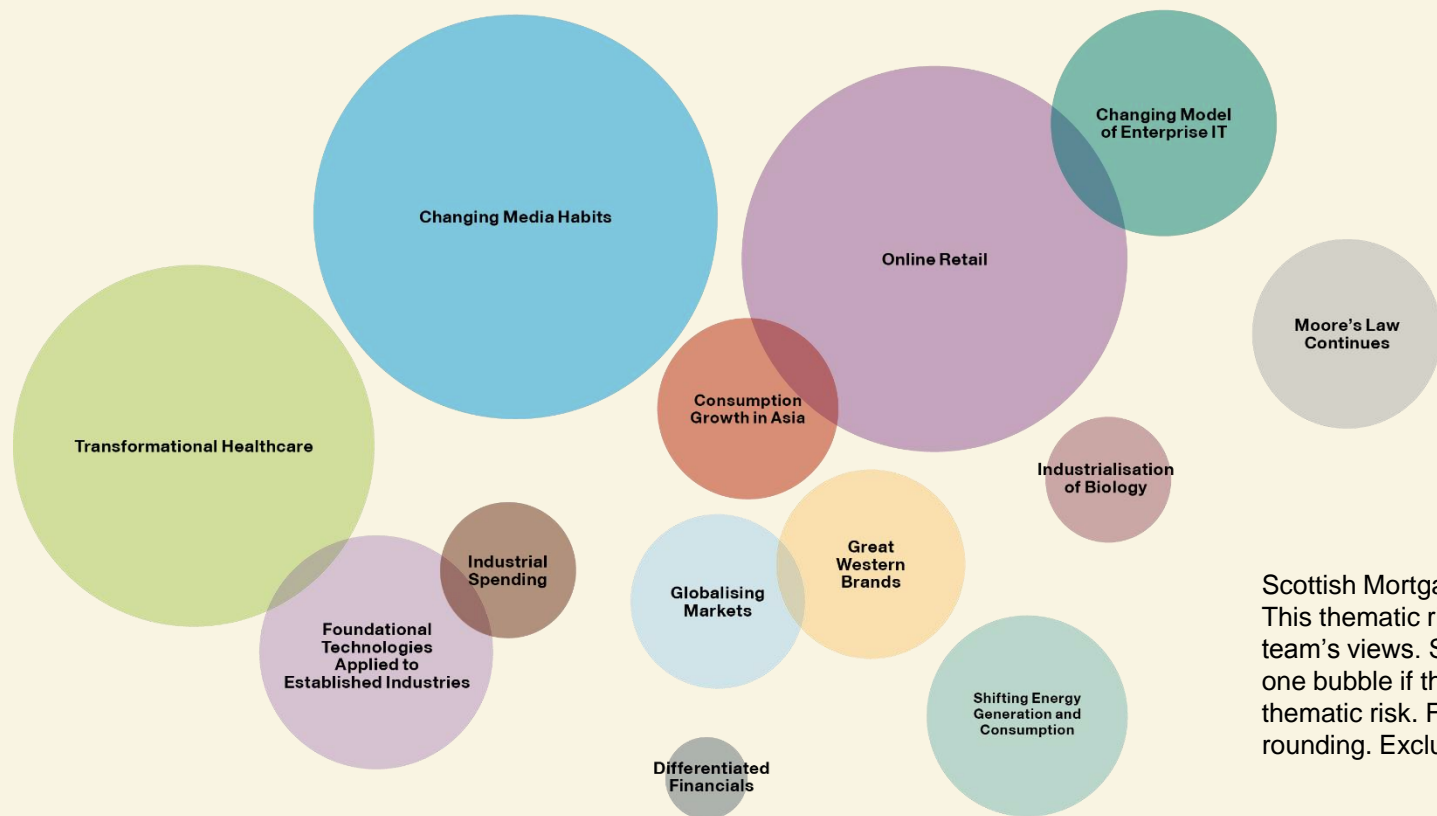


Source: Vehicle production from Tesla company reports. Model 3 are delivered figures. Share price Datastream content from Refinitiv. Sterling.

Healthcare



How Do We Think About The World?



Scottish Mortgage, as at 31 December 2018. This thematic risk analysis is reflective of the team's views. Stocks may appear in more than one bubble if they are exposed to the same thematic risk. Figures may not sum due to rounding. Excludes cash.

Long Term Investment

Scottish Mortgage Portfolio: Observed range of annualised absolute performance outcomes over different rolling time horizons. December 1989 to December 2018.



Past performance is not a guide to future returns. Capital at risk. Source: Statpro and FTSE. Data to 31 December 2018. The performance shown above is gross of fees. The results do not reflect the deduction of any fees or charges. The clients returns will be reduced by these fees and charges.

Scottish Mortgage Investment Trust PLC

Genuinely different, high conviction global growth portfolio, investing for the long term

Characteristics

- Portfolio of around 80 investments from all over the world
- High concentration in 30 largest holdings

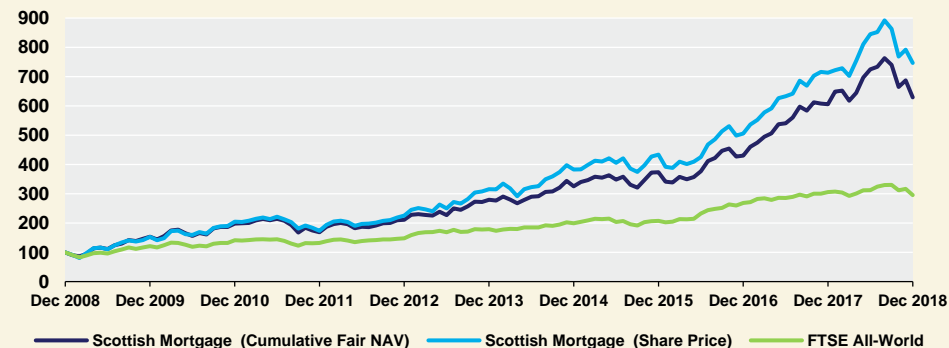
Time horizon

- Investment performance assessed over 5 and 10 year rolling periods
- Low Turnover – typically under 20% p.a.

Low cost

- Costs matter – considerable impact on compounding returns
- Ongoing charges of 0.37% (12 months to 31/03/18)

Ten Year Performance



Past performance is not a guide to future returns.

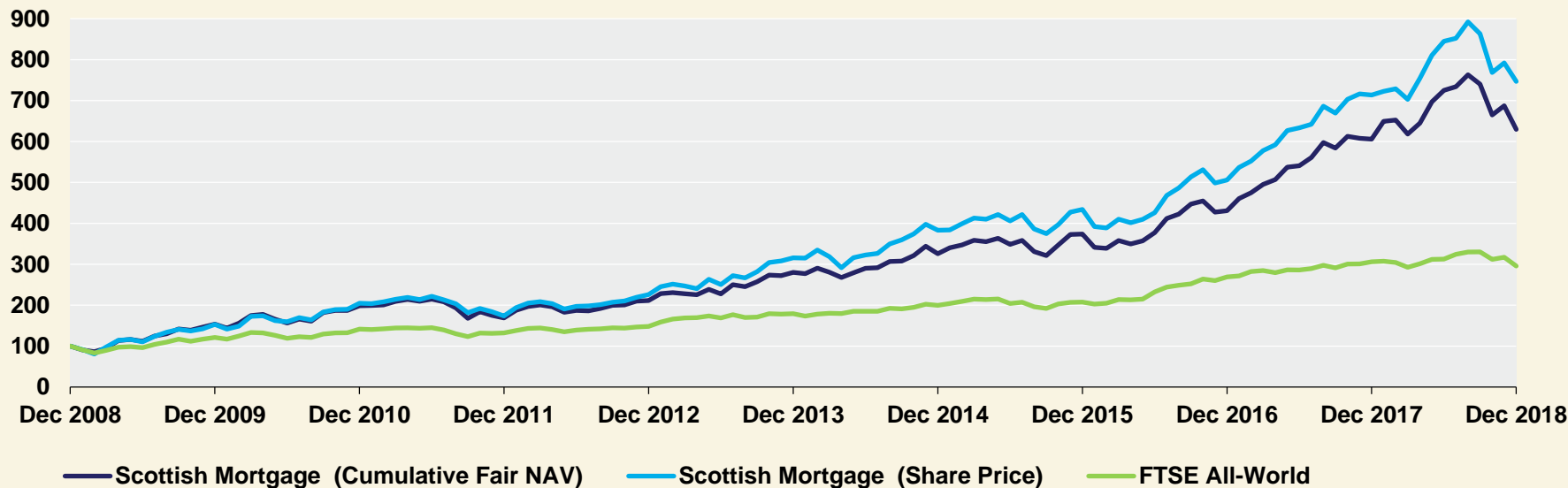
Source: Morningstar and FTSE, rebased to 100, total return in sterling terms.

APPENDIX



Does Such Rational Optimism Work

Ten Year Performance



Past performance is not a guide to future returns.

Source: Morningstar and FTSE. Total return in sterling terms. Rebased to 100.

How Have We Measured Up?

Cumulative Total Return Performance for Scottish Mortgage Investment Trust PLC

	1 Year (%)	5 Years (%)	10 Years (%)
Share Price	4.6	136.5	646.7
Net Asset Value	3.9	124.9	529.7
FTSE All-World Index	-3.4	64.9	195.6

Past performance is not a guide to future returns.

Source: Morningstar and FTSE. The Net Asset Value performance periods are reported as NAV Cum Fair.

Data to 31 December 2018.

Total return in sterling terms.

Annual Performance

Annual Discrete Performance to 31 December

	2014	2015	2016	2017	2018
Share Price	21.4	13.3	16.5	41.1	4.6
Net Asset Value	16.3	14.8	15.2	40.6	3.9
FTSE All-World Index	11.3	4.0	29.6	13.8	-3.4

Past performance is not a guide to future returns.

Source: Morningstar and FTSE. The Net Asset Value performance periods are reported as NAV Cum Fair.
Total return in sterling terms.

Contributors to Performance – Five Years to 31 December 2018

Top Ten Contributors

Security Name	Average Stock Weight %	Absolute Contribution %
Amazon.com	10.1	24.1
Tencent	6.6	15.8
Illumina	7.9	14.5
Alibaba	5.3	14.1
Facebook	3.8	9.8
Baidu.com	6.1	6.5
Tesla Inc	5.1	6.1
Alphabet	3.1	5.2
Kering	2.9	4.3
Intuitive Surgical	1.6	4.0

Bottom Ten Contributors

	Average Stock Weight %	Absolute Contribution %
Rolls-Royce*	1.2	-1.5
Vale*	0.2	-1.4
Rocket Internet	1.0	-1.3
Whole Foods Market*	0.6	-1.2
Lending Club*	0.2	-1.0
Bluebird Bio	1.0	-1.0
Banco Santander*	1.0	-0.9
Twitter*	0.3	-0.9
New Oriental Education & Technology*	0.3	-0.8
Castlight Health*	0.2	-0.8

Past performance is not a guide to future returns.

Source: StatPro. Sterling.

*No longer held in the Trust.

Top 30 Holdings List

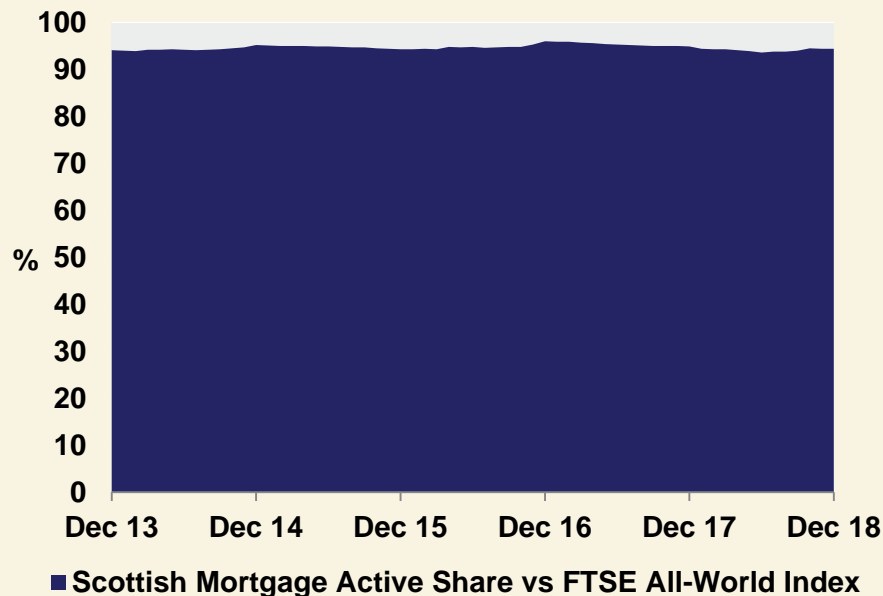
Stock	%
Amazon.com	9.3
Illumina	8.4
Tesla Inc	7.0
Tencent	6.5
Alibaba	5.6
Kering	3.5
Baidu.com	2.9
ASML	2.7
Ant International	2.7
Netflix	2.7
Ferrari	2.6
Inditex	2.2
Spotify	2.0
Delivery Hero	1.8
Alphabet	1.6

Stock	%
NIO	1.5
Workday	1.5
HDFC	1.3
Intuitive Surgical	1.3
NVIDIA	1.3
Ctrip.com International	1.2
Facebook	1.2
Kinnevik	1.1
Bluebird Bio	1.1
Zalando	1.1
Indigo Agriculture	1.0
GRAIL	1.0
Atlas Copco	0.9
Tableau	0.9
Renishaw	0.8
Total	78.6

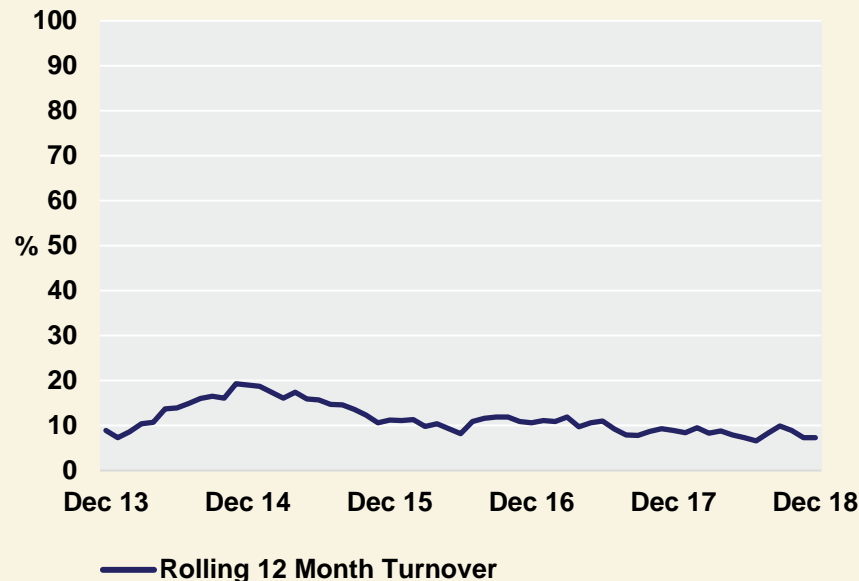
As at 31 December 2018. Total may not sum due to rounding.

Active Share And Portfolio Turnover

Active Share



Portfolio Turnover



Source: Baillie Gifford & Co and FTSE.

Why an Investment Trust?

Closed ended pool of investment capital

Patience and flexibility

Premia/discount policy

Liquidity for shareholders

Modest gearing

Has the potential to enhance long term returns

Governance

Oversight from an Independent Board of Non-Executive Directors

Costs

Benefits of scale to lower costs

Baillie Gifford – A Brief Recap

Independent Partnership

- Longevity and Stability

Single business focus

- Active Investment Management

Alignment of interests with clients

- Scottish Mortgage Investment Trust is our oldest client



Important Information And Risk Factors

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The Scottish Mortgage Investment Trust is a listed UK company, and is not authorised or regulated by the Financial Conduct Authority. 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. A Key Information Document for the Trust is available by contacting us.

The specific risks associated with the funds include:

- The Trust 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.

- 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 Trust might receive upon their sale.
- The Trust 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 can borrow money to make further investments (sometimes known as “gearing” or “leverage”). The risk is that when this money is repaid by the Trust, the value of the investments may not be enough to cover the borrowing and interest costs, and the Trust will make a loss. If the Trust's investments fall in value, any borrowings will increase the amount of this loss.
- The Trust'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.
- The Trust can make use of derivatives. The use of derivatives may impact on its performance.

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