

SHARES LIVE

Scottish Mortgage Investment Trust PLC

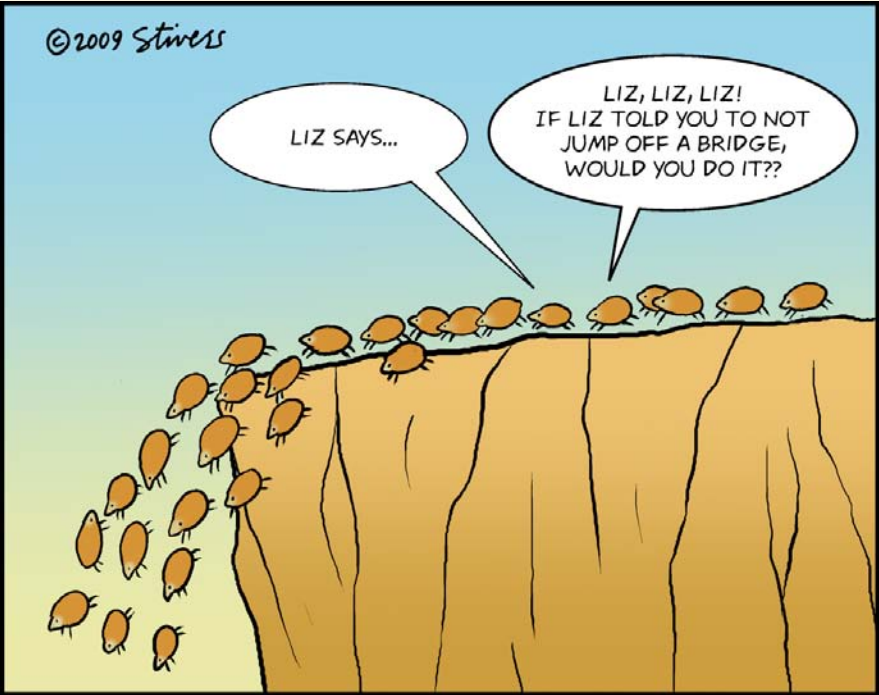
Rational Optimism for the Long Term

Catharine Flood



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Simple



By permission of Mark Stivers.

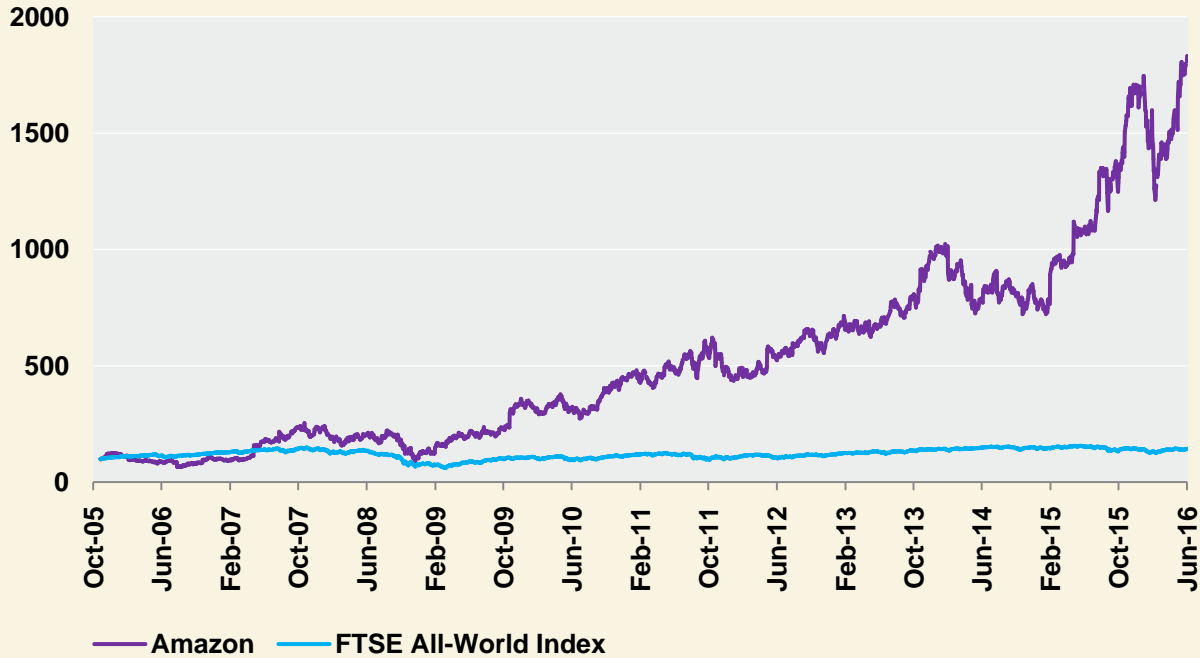
Global

Growth

Long term

Not Easy

Investing this way requires patience: Amazon

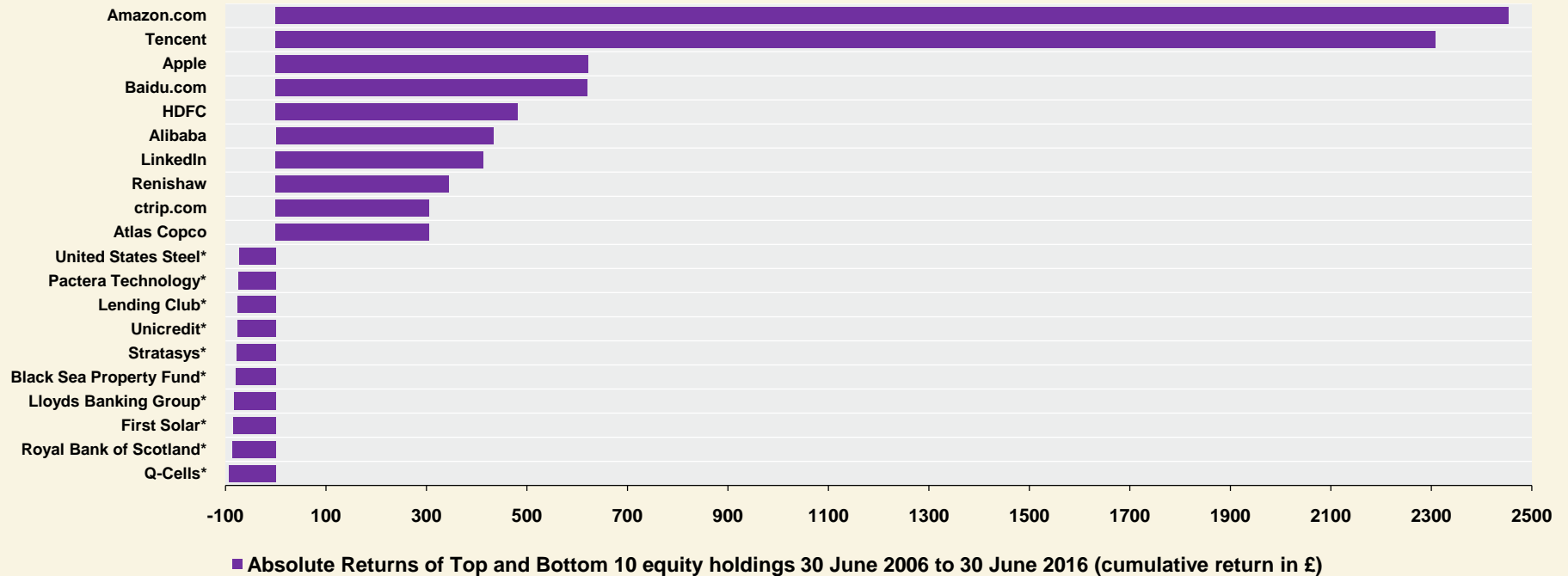


Source: Bloomberg. Data to 30 June 2016. Share price rebased as at 26 October 2005, the date at which Scottish Mortgage invested in Amazon.

Why be a Growth Investor?

Backing your winners matters far more than avoiding the losers:

Embracing Asymmetry in Equity Returns

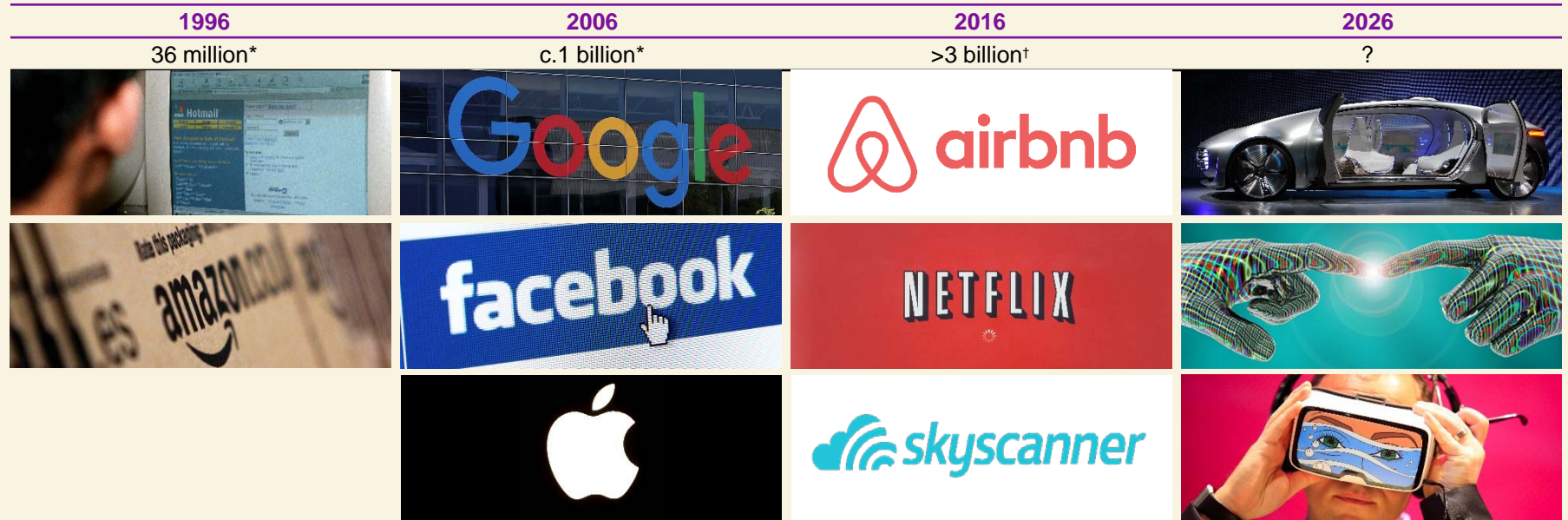


Source: StatPro. *No longer held in the Trust.

Change Happens Faster Than You Think

20 years of the internet

Accelerating pace of change and broadening scope: where next?



Number of Internet Users

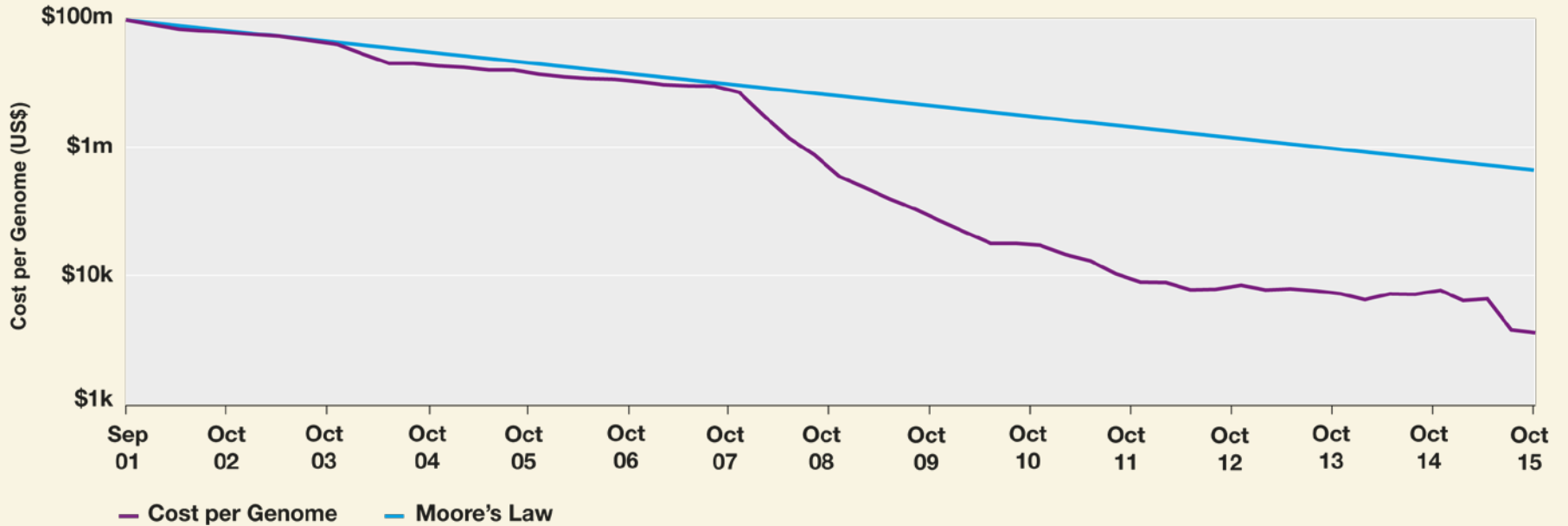
*Source: Internet World Stats, www.internetworldstats.com.

†Source: Statista, www.statista.com/statistics/273018/number-of-internet-users-worldwide/

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Healthcare: Revolution

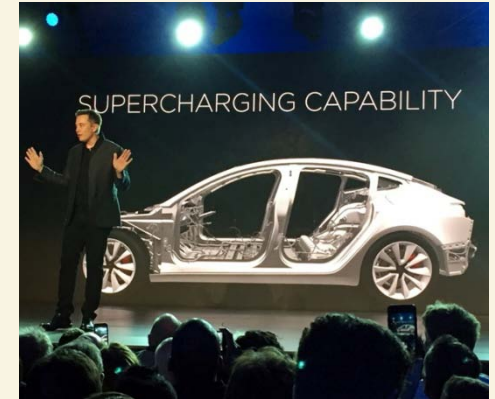
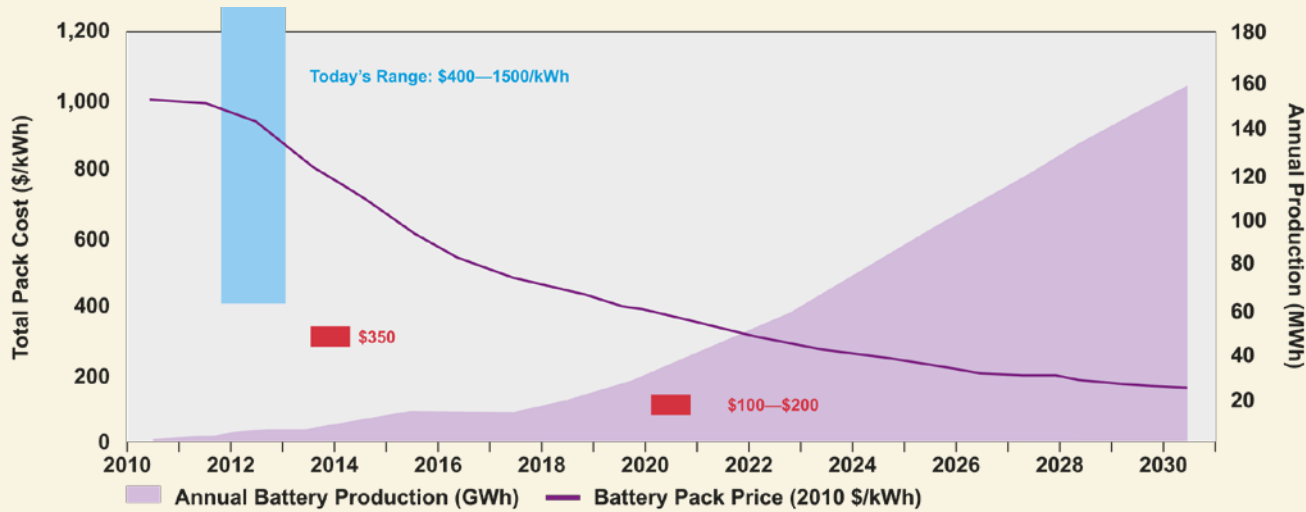
The Plummeting Cost of Gene Sequencing



Source: National Human Genome Research Institute.

Transportation and Energy: Tesla

LI-ION Battery Pack Cost and Production, 2010–30



Source: Bloomberg New Energy Finance.

It is all about the Individual Companies

What are they doing differently?

—Industry background

Why might they be successful?

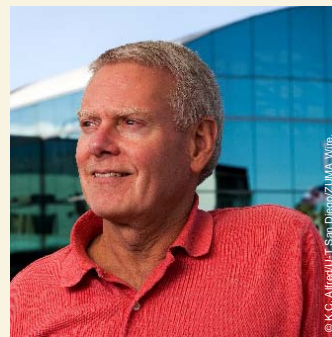
—Competitive advantage

—Financial strength

—Management attitudes

Is it an attractive investment?

—Valuation



Simple Not Easy

Investment not speculation

Engagement with management

Reputation matters

Shifts in capital markets

Concluding Thoughts

As Investors...

- Costs matter
- Patience pays off

Appendix

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

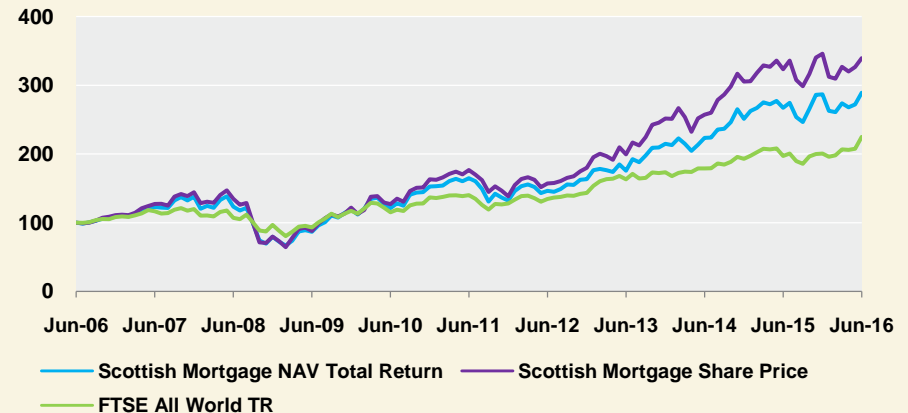
Time horizon

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

Low cost

- Costs matter – considerable impact on compounding returns
- Ongoing charges of 0.45% (as at 31 March 2016)

Ten Year Performance



Source: Morningstar, rebased, total return in sterling terms.

How Have We Measured Up?

Cumulative Total Return Performance for Scottish Mortgage Investment Trust PLC

	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
Share Price	4.9	70.1	92.2	239.4
NAV	8.2	65.8	75.6	189.1
FTSE All-World Index	14.0	37.8	60.5	124.8

30 June 2016.

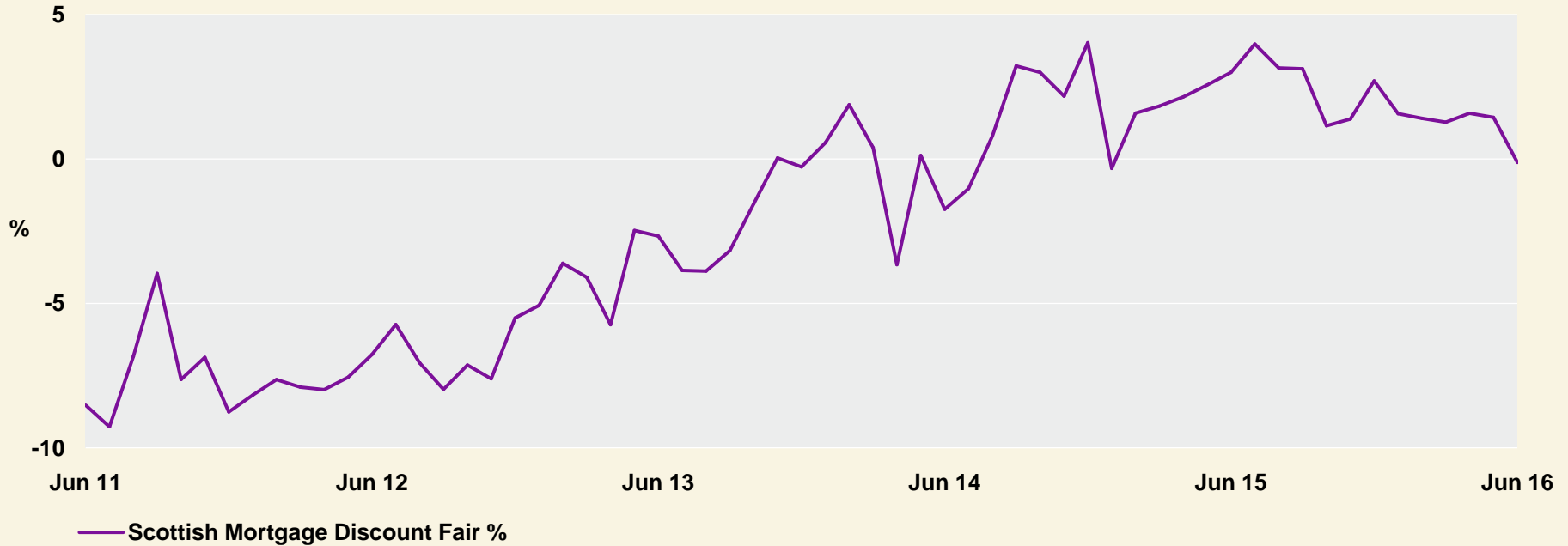
Source: Morningstar, total return in sterling terms.

The 1,3 and 5 year performance is reported at NAV cum Fair.

The 10 year performance period is reported at NAV ex Par.

Scottish Mortgage Share Price Discount/Premium to NAV

Scottish Mortgage Share Price Discount to NAV



Source: Morningstar, discount at fair value. 30 June 2011 to 30 June 2016.

Contributors to Performance Five Years to 30 June 2016

Top Ten Contributors

Security Name	Average Stock Weight %	Absolute Contribution %
Amazon.com	9.6	18.8
Tencent	5.6	13.4
Illumina	6.0	9.0
Inditex	5.1	6.5
Alibaba	2.4	6.4
Facebook	2.4	5.5
Alphabet	2.4	4.9
Baidu.com	7.7	4.5
Prudential	2.5	3.9
Atlas Copco	4.2	3.2

Bottom Ten Contributors

Security Name	Average Stock Weight %	Absolute Contribution %
America Latina Logistica*	0.2	-0.8
KGHM Polska Miedz*	1.4	-0.9
Rocket Internet	0.5	-0.9
Telekomunikacja Polska*	0.6	-1.0
Banco Santander *	2.4	-1.1
Telefonica O2*	0.8	-1.1
New Oriental Education & Tech*	1.3	-1.3
Bluebird Bio	0.2	-1.4
Vale*	1.5	-3.7
First Solar*	0.2	-5.3

Source: StatPro.

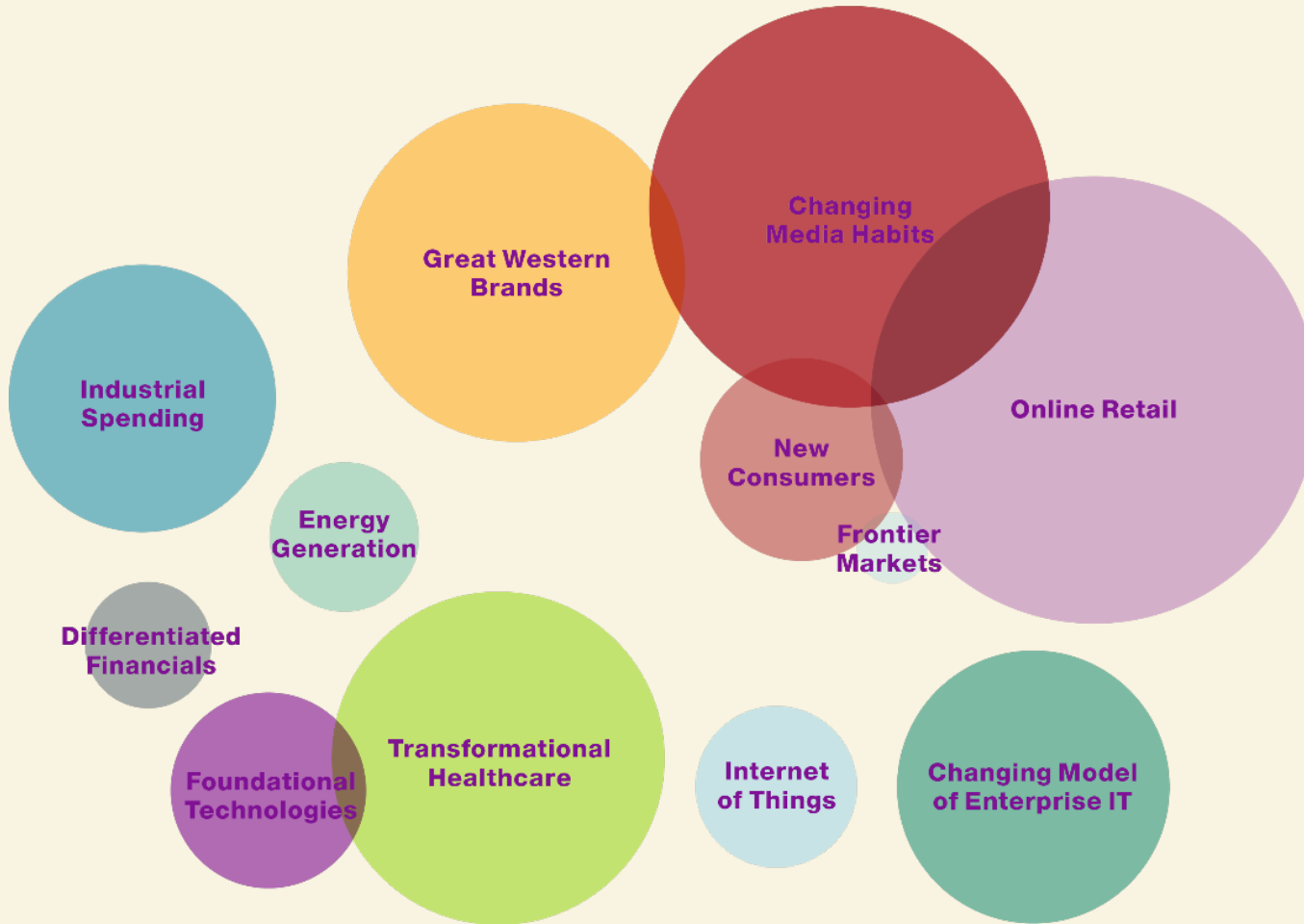
*No longer held in the Trust.

Top 30 Holdings List

Stock	%	Stock	%
Amazon.com	10.3	Intuitive Surgical	1.5
Illumina	6.5	Rolls-Royce	1.4
Inditex	6.1	Zalando	1.4
Tesla Motors	5.7	Netflix	1.4
Tencent	5.5	Ferrari	1.3
Baidu.com	5.1	HDFC	1.2
Facebook	4.7	Apple	1.1
Alibaba	4.3	ARM	1.1
Alphabet	3.7	Palantir Technologies	1.1
Atlas Copco	2.3	Fiat Chrysler Automobiles	1.1
BASF	2.1	ASM Lithography	1.1
Kering	2.0	Thumbtack	0.9
Prudential	1.8	You & Mr Jones	0.9
Novozymes	1.5	ctrip.com	0.9
Kinnevik	1.5	Rocket Internet	0.8
		Total	80.1

As at 30 June 2016. Totals may not sum due to rounding.

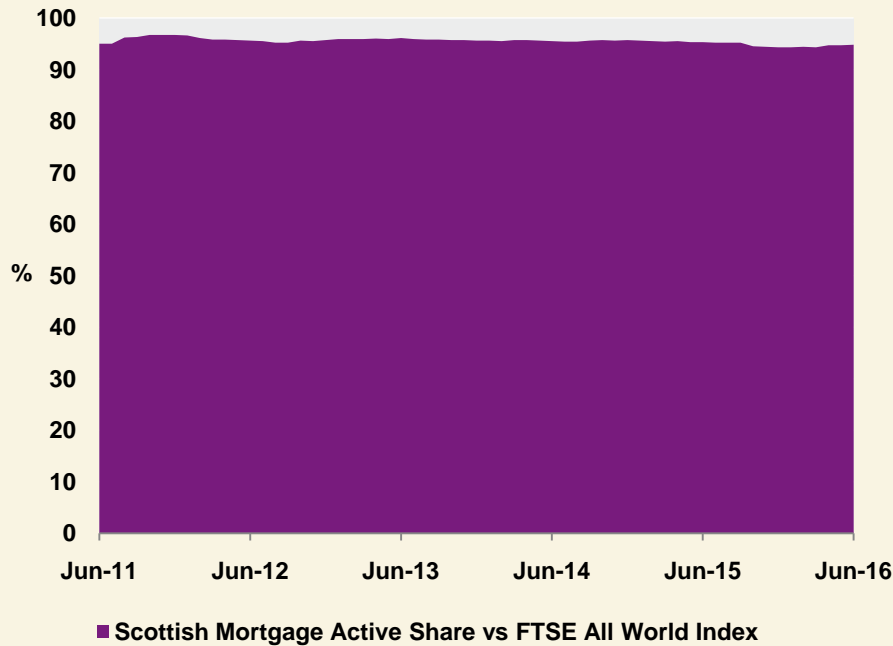
A Different Point of View – Portfolio Exposures



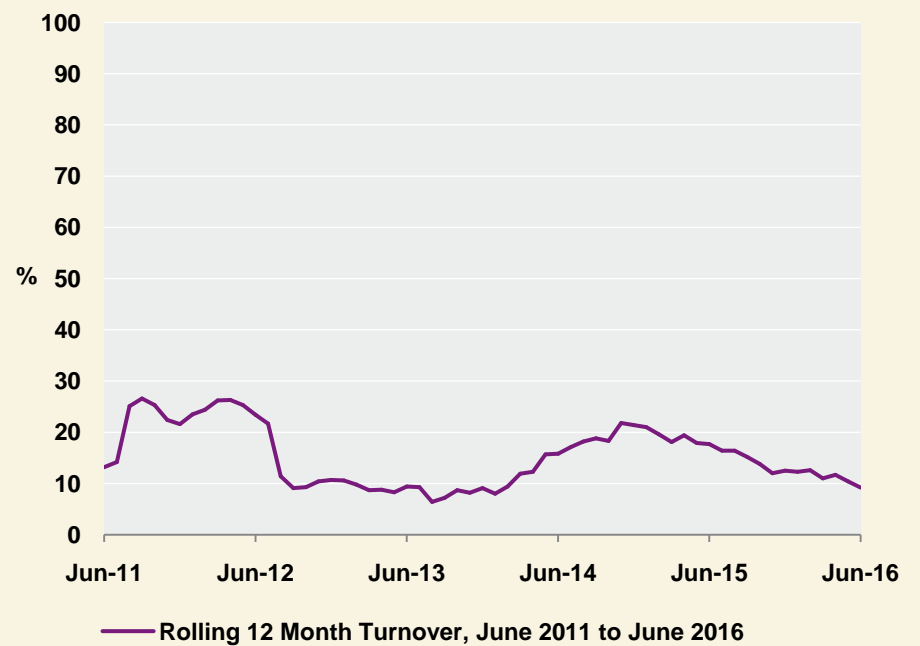
The circles are to scale and represent the proportion of assets in a particular area. As at 30 June 2016.

Active Share and Portfolio Turnover

Active Share



Portfolio Turnover



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

Sources: All data is source Baillie Gifford & Co unless otherwise stated. Attribution is reported on a relative basis and source StatPro. Performance is source Morningstar, total return.

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