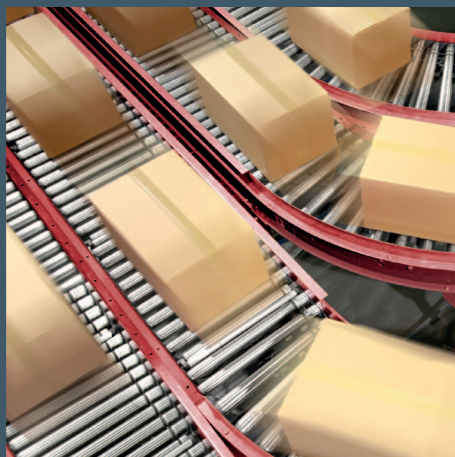
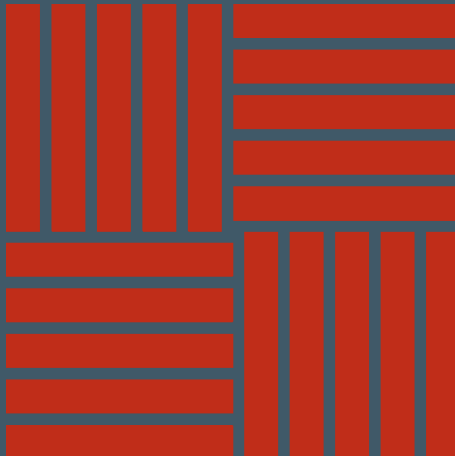
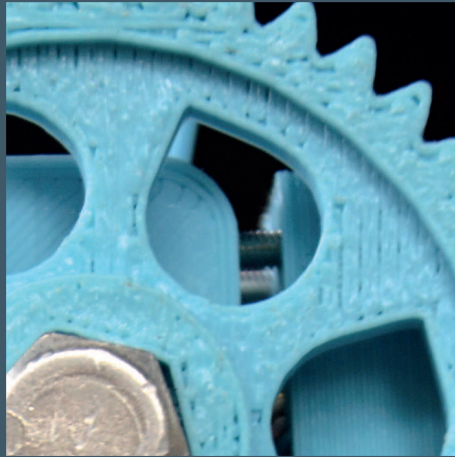
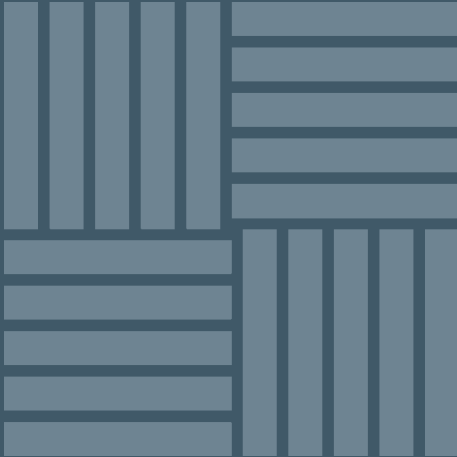
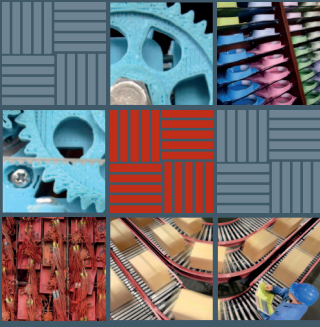


# SCOTTISH MORTGAGE INVESTMENT TRUST PLC

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Your low cost choice  
for global investment





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

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### Benchmark

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

### Notes

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

Investment trusts are UK public listed companies and as such comply with the requirements of the UK Listing Authority. They are not authorised or regulated by the Financial Conduct Authority.

### **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the action you should take you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your ordinary shares in Scottish Mortgage Investment Trust PLC, please forward this document, together with any accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.



## Message from the Chairman

It has been a year of continued progress for Scottish Mortgage: the share price closed at 822.5p, a new year end high, having at one point during the year reached an all-time high of 862.5p. Over the year it rose by 16%, the net asset value per share by 12% and the FTSE All-World Index by 14%.

Given the long term investment approach, measurements over longer periods are more significant and over 10 years the share price total return (including both capital returns and dividends) has been 336%, the net asset value total return, 270%, while the FTSE All-World Index total return was 174%.

The dividend for the year has been increased by 7.7% well ahead of RPI inflation (3.3%).

Your Managers still find plenty of investment opportunities. Amongst other areas, technology, in its broadest sense, and the growth of developing markets continue to provide fertile ground for long term investors.

## Financial Highlights – Year to 31 March 2013

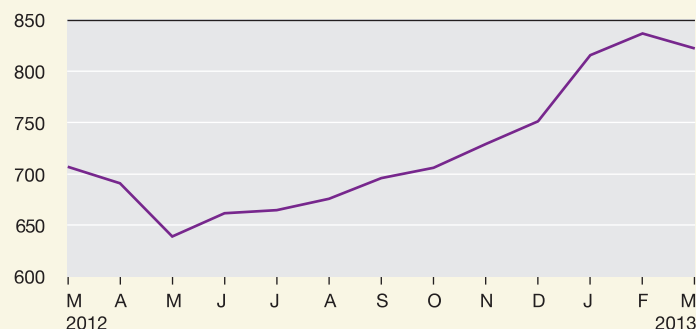
**Share Price 16.2%**

**NAV 11.6%**

**Benchmark 13.8%**

### Share Price (pence)

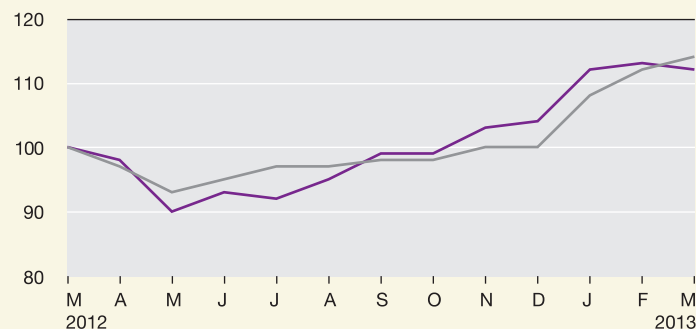
— Share price



### NAV and Benchmark

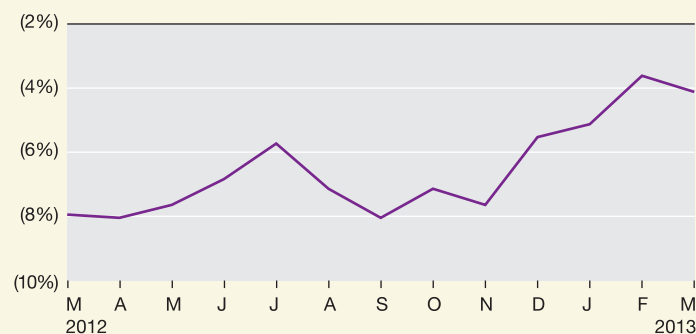
(rebased to 100 at 31 March 2012)

— NAV (after deducting borrowings at fair value)  
— Benchmark\*



### Discount

— Discount (after deducting borrowings at fair value) plotted as at month end dates



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

Source: Thomson Reuters Datastream/Baillie Gifford & Co.

Past performance is not a guide to future performance.

## One Year Summary

	31 March 2013	31 March 2012	% change
Total assets (before deduction of debentures, long and short term borrowings)	£2,593.5m	£2,378.3m	
Loans and debentures	£375.1m	£366.0m	
Shareholders' funds	£2,218.4m	£2,012.3m	
Net asset value per ordinary share (after deducting borrowings at fair value)*	857.6p	768.7p	11.6
Share price	822.5p	708.0p	16.2
FTSE All-World Index (in sterling terms)	231.3	203.3	13.8
Dividends paid and proposed per ordinary share	14.00p	13.00p	7.7
Revenue earnings per ordinary share	15.59p	13.07p	19.3
Ongoing charges	0.51%	0.51%	
Discount (after deducting borrowings at fair value)	(4.1%)	(7.9%)	

Year to 31 March	2013	2013	2012	2012
Year's high and low	High	Low	High	Low
Share price	862.5p	624.0p	781.0p	565.0p
Net asset value per ordinary share (after deducting borrowings at fair value)†	910.2p	675.4p	861.6p	621.0p
Discount (after deducting borrowings at fair value)†	(2.7%)	(10.3%)	(2.7%)	(11.2%)
Average sector discount (AIC Global Growth Sector)	(8.5%)	(12.0%)	(9.1%)	(11.5%)

	31 March 2013	31 March 2012
<b>Net return per ordinary share</b>		
Revenue return	15.59p	13.07p
Capital return	87.42p	(39.81p)
<b>Total return</b>	<b>103.01p</b>	<b>(26.74p)</b>

\* Borrowings are deducted at fair value (the estimate of market worth).

† Cum-income.

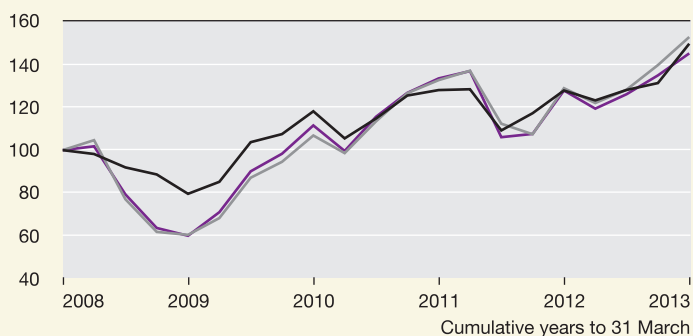
Past performance is not a guide to future performance.

## Five Year Summary

The following charts indicate how Scottish Mortgage has performed relative to its benchmark\*, its underlying net asset value and the retail price index over the five year period to 31 March 2013.

### Five Year Total Return Performance

(figures rebased to 100 at 31 March 2008)



Source: Thomson Reuters Datastream.

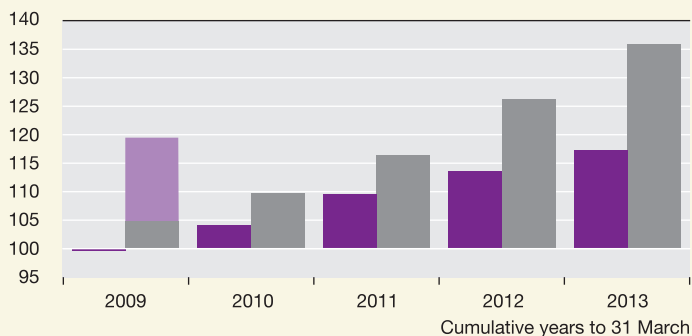
- NAV (fair) total return
- Share price total return
- Benchmark\* total return

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

### Dividend and RPI Growth

(cumulative from 31 March 2008)

(figures rebased to 100 at 31 March 2008)

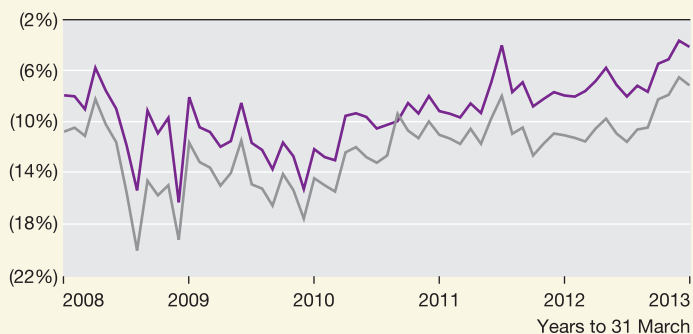


Source: Thomson Reuters Datastream/Baillie Gifford & Co.

- RPI
- Scottish Mortgage dividend
- The dividend for 2009 includes a non-recurring 1.5p per share from the reimbursement of previous years' VAT and associated interest thereon

### Discount to Net Asset Value

(plotted on a monthly basis)



Source: Thomson Reuters Datastream/Baillie Gifford & Co.

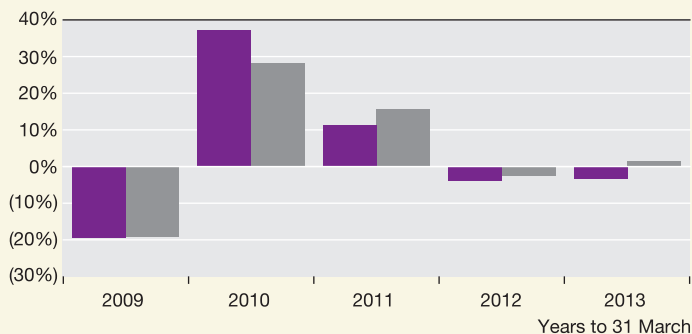
- Scottish Mortgage discount (after deducting borrowings at fair value)
- Scottish Mortgage discount (after deducting borrowings at par)

The discount is the difference between Scottish Mortgage's quoted share price and its underlying net asset value calculated on one of two bases:

Borrowings are either deducted at par (redemption value) or at fair value (the current market worth). As borrowings have a current market value above par, the effect of valuing the borrowings at fair value reduces both the NAV and resultant discount.

### Annual Net Asset Value and Share Price Total Returns

(relative to the benchmark total return)



Source: Thomson Reuters Datastream.

- NAV (fair) return
- Share price return

Past performance is not a guide to future performance.

## Ten Year Record

### Capital

At 31 March	Total assets £'000	Debenture stocks, long and short term borrowings £'000	Shareholders' funds £'000	Shareholders' funds per share p	Net asset value per share* (fair) p	Net asset value per share* (par) p	Share price p	Discount † (fair) %	Discount † (par) %
2003	1,051,545	207,225	844,320	283.3	268.0	285.5	234.5	12.5	17.9
2004	1,355,341	227,560	1,127,781	379.3	362.8	381.5	305.0	15.9	20.1
2005#	1,455,704	213,083	1,242,621	420.4	398.8	422.6	333.0	16.5	21.2
2006	1,985,162	231,809	1,753,353	608.6	584.1	610.9	521.5	10.7	14.6
2007	2,045,515	275,650	1,769,865	628.8	607.1	631.0	542.0	10.7	14.1
2008	2,276,071	439,627	1,836,444	670.3	651.4	672.5	600.0	7.9	10.8
2009	1,398,270	317,933	1,080,337	397.1	383.8	399.3	353.0	8.0	11.6
2010	2,154,585	314,677	1,839,908	709.0	692.8	711.2	609.0	12.1	14.4
2011	2,502,278	369,984	2,132,294	831.2	816.5	833.5	742.0	9.1	11.0
2012	2,378,319	365,996	2,012,323	793.4	768.7	795.6	708.0	7.9	11.0
<b>2013</b>	<b>2,593,446</b>	<b>375,078</b>	<b>2,218,368</b>	<b>883.3</b>	<b>857.6</b>	<b>885.4</b>	<b>822.5</b>	<b>4.1</b>	<b>7.1</b>

\* Net asset value per ordinary share has been calculated after deducting long term borrowings at either par value or fair value (see note 22, page 50).

† Discount is the difference between Scottish Mortgage's quoted share price and its underlying net asset value with borrowings at either par value or fair value.

# Restated, investments valued at fair value (bid) and dividends declared after the year end are no longer treated as a liability at the year end. Figures prior to 2005 have not been restated for these changes.

### Revenue

Year to 31 March	Gross revenue £'000	Available for ordinary shareholders £'000	Revenue earnings per ordinary share ‡ p	Dividend paid and proposed per ordinary share (net) p	Ongoing charges †† %	Gearing § %	Potential gearing ^ %
2003	33,909	22,597	7.43	6.60	0.49	24	25
2004	35,829	23,931	8.05	7.00	0.60	18	20
2005	35,456	21,809	7.37	7.35	0.52	16	17
2006	41,456	25,738	8.82	8.50	0.52	12	13
2007	45,522	27,817	9.80	9.50	0.49	14	16
2008	49,575	27,043	9.79	10.30	0.51	23	24
2009	57,470	34,571	12.67 ††	12.30 ††	0.54	26	29
2010	49,174	30,200	11.18	11.30	0.52	16	17
2011	53,703	34,374	13.32	12.00	0.51	17	17
2012	52,689	33,473	13.07	13.00	0.51	17	18
<b>2013</b>	<b>58,950</b>	<b>39,510</b>	<b>15.59</b>	<b>14.00</b>	<b>0.51</b>	<b>16</b>	<b>17</b>

‡ The calculation of earnings per ordinary share is based on the revenue from ordinary activities after taxation and the weighted average number of ordinary shares in issue (excluding treasury shares) (see note 7, page 39).

†† From 2012 calculated as total operating costs divided by average net asset value (with debt at fair value) in accordance with AIC guidelines. Prior years have not been recalculated as the change in methodology is not considered to result in a materially different figure.

§ Total assets (including all debt used for investment purposes) less all cash and cash equivalents divided by shareholders' funds.

^ Total assets (including all debt used for investment purposes) divided by shareholders' funds.

†† Includes a non-recurring 1.5p per share from the reimbursement of previous years' VAT and associated interest thereon.

### Gearing Ratios

### Cumulative Performance (taking 2003 as 100)

At 31 March	Net asset value per share (par)	Net asset value total return (par) ^^	Benchmark ††	Benchmark †† total return ^^	Share price	Share price total return ^^	Revenue earnings per ordinary share	Dividend paid and proposed per ordinary share (net)	Retail price index
2003	100	100	100	100	100	100	100	100	100
2004	134	138	125	128	130	136	108	106	103
2005	148	153	135	143	142	149	99	111	106
2006	214	225	171	185	222	239	119	129	108
2007	221	236	178	198	231	253	132	144	114
2008	236	256	171	195	256	285	132	156	118
2009	140	154	132	155	151	172	171	186	117
2010	249	283	191	230	260	305	150	171	123
2011	292	337	202	250	316	378	179	182	129
2012	279	327	196	249	302	368	176	197	134
<b>2013</b>	<b>310</b>	<b>370</b>	<b>223</b>	<b>292</b>	<b>351</b>	<b>436</b>	<b>210</b>	<b>212</b>	<b>138</b>

### Compound annual returns

5 year	5.7%	7.7%	5.5%	8.4%	6.5%	8.8%	9.8%	6.3%	3.2%
10 year	12.0%	14.0%	8.4%	11.3%	13.4%	15.9%	7.7%	7.8%	3.3%

^^ Source: Thomson Reuters Datastream.

†† On 1 April 2007 the Company changed its benchmark from 50% FTSE All-Share Index and 50% FTSE World ex UK Index (in sterling terms) to 100% FTSE All-World Index (in sterling terms). For the purposes of the above the returns on both benchmarks for their respective periods have been linked to form a single benchmark.

Past performance is not a guide to future performance.