
STOCK STORIES: SPOTIFY

TOM SLATER

Tom Slater shares his enthusiasm for Spotify, a subscription streaming business that has grown to be a global product under the guidance of its founder CEO Daniel Ek.

The value of shares in Scottish Mortgage, and any income from them, can fall as well as rise and investors may not get back the amount invested. Investment markets and conditions can change rapidly.

This communication was produced and approved in December 2018 and has not been updated subsequently. It represents views held at the time of writing and may not reflect current thinking.

Tom Slater: The music industry has struggled in a digital world. It's seen its revenues decline over a very long period of time, as a result of piracy and illegal sharing of content. Spotify has reversed that trend, starting in its native Sweden, under the guidance of founder CEO Daniel Ek.

It has grown a subscription streaming business, which allows users to get a service they really want, access to a huge catalogue of music for a reasonable monthly fee, but done in a way that is mobile, that's accessible, that allows content discovery. In doing so, it has started to grow the revenue base of the industry and to make artists more profitable.

It started in Sweden but it has grown to be a global product. It has universal appeal. It has contended with some huge competitors. Apple. Google. Amazon. In part, it's the fact that it's not tied to any one of these big platforms, that has allowed it to grow and prosper, despite that competition. We think it's addressing a really big market.

As it grows it's able to change the structure of the music industry. It's becoming a larger and larger part of the revenues for artists and for music labels. As its distribution grows, it's becoming an increasingly important promotional channel and allows artists to grow their reputation and to build interest in their live events, which are a really profitable part of the industry.

So we think five years from now, under the leadership of its founder CEO, Spotify will be a much bigger business than it is today.

This recording does not constitute, and is not subject to the protections afforded to, independent research. Baillie Gifford and its staff may have dealt in the investments concerned.

The views expressed are those of the speakers, are not statements of fact, and should not be considered as advice or a recommendation to buy, sell or hold a particular investment. No reliance should be placed on these views when making investment decisions.

Baillie Gifford & Co Limited is authorised and regulated by the Financial Conduct Authority (FCA). The investment trusts managed by Baillie Gifford & Co Limited are listed UK companies. Scottish Mortgage Investment Trust PLC is listed on the London Stock Exchange and is not authorised or regulated by the FCA.

A Key Information Document for the trust is available by visiting www.bailliegifford.com.

