

Portfolio Update

Q1 2025

Hamish Maxwell, Investment Specialist

Your capital is at risk. Past performance is not a guide to future returns.

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Hello, I'm Hamish Maxwell, an investment specialist with Scottish Mortgage. Thanks for watching this portfolio update, to the first quarter of 2025.

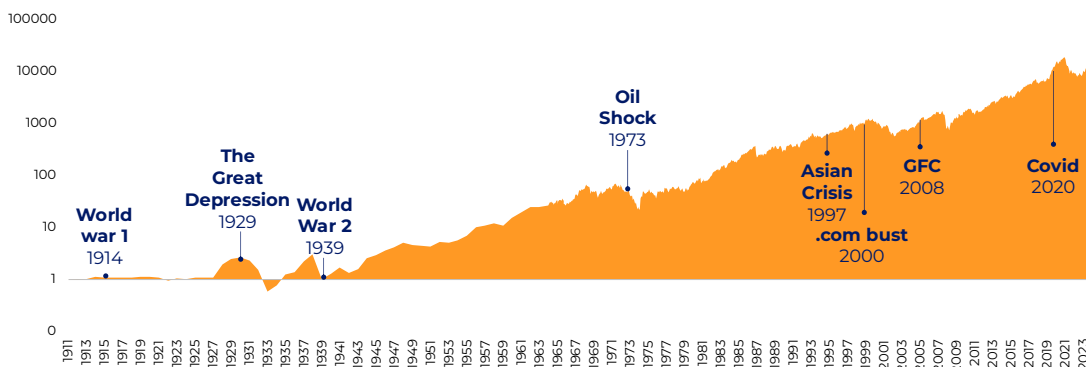
I'll bring you up to speed on how we think about withstanding stormy markets including why our time horizon can be an advantage I'll touch on long-term growth themes in the portfolio, including the rise of autonomous technology and digitalisation of global finance I'll mention returns and some trading activity, including how short-term volatility while painful can create opportunity.

Our purpose at Scottish Mortgage is simple – to maximise total returns over the long term. To do that, we aim to offer a liquid and low-cost portfolio of the world's most exceptional public and private growth companies.

We invest for the long term and we've been active stock pickers since 1908 so through two world wars, pandemics and some big market shocks.

Putting It All In Perspective

Scottish Mortgage has been investing through volatile times since 1909



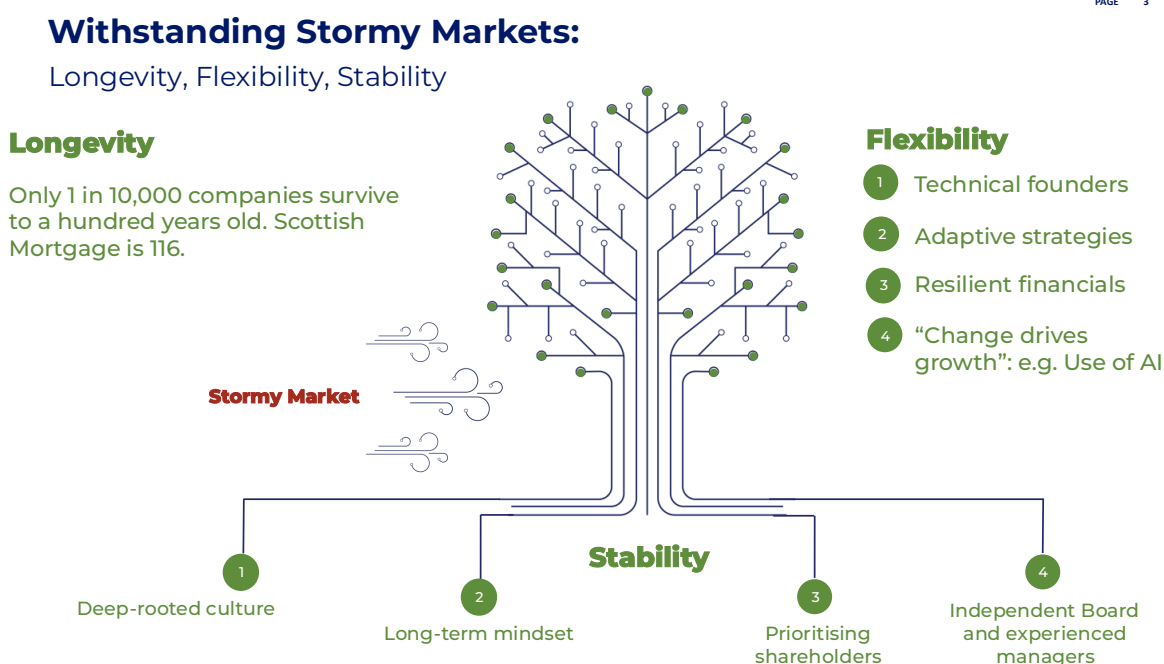
Source: Baillie Gifford & Co. Data shown from December 1910 to June 2024. Rebased to 1 at December 1910. Logarithmic scale. 1910-1926. Market value of investments not stated and cannot be deduced. NAV per share calculated on book value and thus probably understated.

This chart shows our strong returns over a century notwithstanding shorter periods of volatility.

We usually avoid commenting on short-term macro noise, but President Trump's tariffs are significant, sparking a real change in global trade and greater uncertainty.

No one knows how things will unfold, and we are not speculating. When markets fall, we don't panic. Instead, we stay calm and carefully assess our portfolio and the world around us.

Scottish Mortgage has characteristics that we think can help to withstand stormy markets: these include longevity, stability, and flexibility.



Only 1 in 10,000 companies survives to be a hundred years old.

With 116 years of experience Scottish Mortgage and its manager Baillie Gifford are among a small cohort of companies to surpass a century in age reflecting an ability to navigate challenging times.

Stability comes from the deep roots of our culture, of long-termism, of prioritising shareholders and of being guided by an independent board and experienced

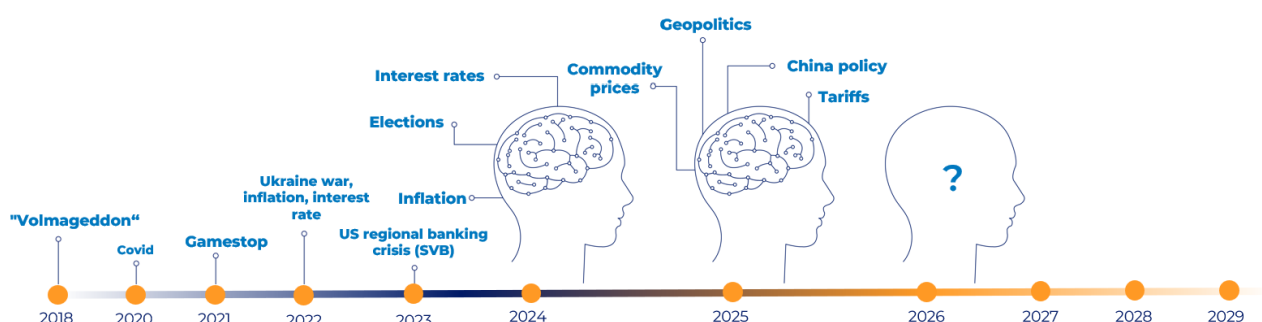
investment managers. It also comes from confidence that over the long-term, earnings drive share price.

Flexibility in a changing world comes from our investments in companies led by technical leaders and founders, with adaptive strategies, resilient financials and innovation fuelled growth, as we'll examine.

Market Short-Termism, Versus Long-Term Structural Growth Trends

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Market Short-Term Preoccupation:



There remains a clear contrast between market short-term preoccupations and valuable long-term growth trends.

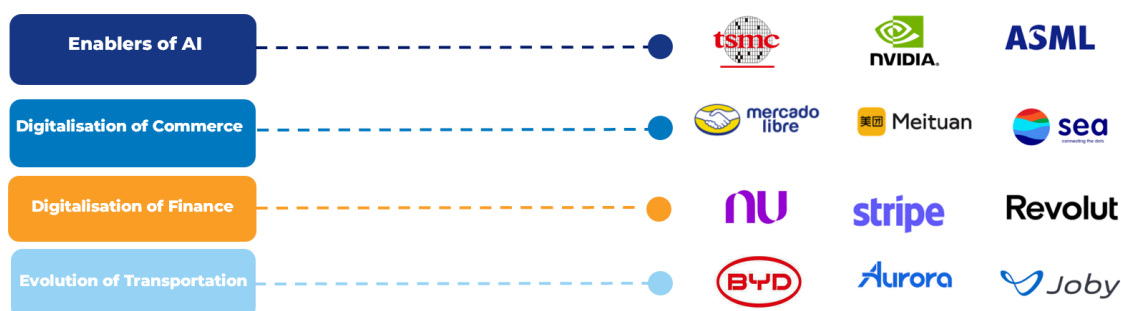
On the one hand, the market's attention span which typically operates in short cycles.

Last year it was elections and inflation. Now it's tariffs and trade wars. Beyond that, a question mark. Short-term worries are inherently unpredictable. On the other hand, a more compelling story long-term, structural growth trends.

Market Short-Termism, Versus Long-Term Structural Growth Trends

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Long-Term Structural Growth Trends:



Such as, the enablers of artificial intelligence. Our holdings NVIDIA, TSMC, and ASML, are building the AI infrastructure.

Digitalisation of the economy continues, with ecommerce champions like Latin America's MercadoLibre and Asia's Meituan and SEA Ltd.

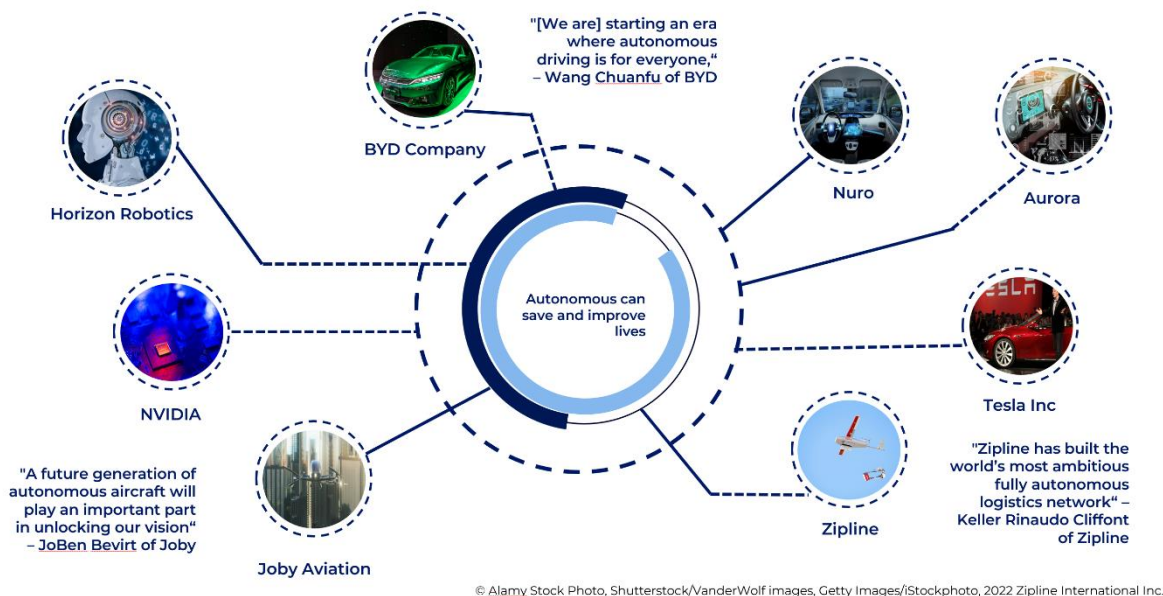
Global finance is being transformed, such as by our holdings NuBank, Stripe and Revolut. And an evolution in transportation is underway, including electric vehicles by BYD, autonomous trucking by Aurora, and air taxis by Joby.

Let's look at a couple of our long-term growth themes.

The rise of autonomous technology represents one of the most transformative growth themes in the world.

We're at an inflection point, where autonomous systems have the potential to save and improve lives, such as with ground transportation, logistics and aviation.

Rise of Autonomous

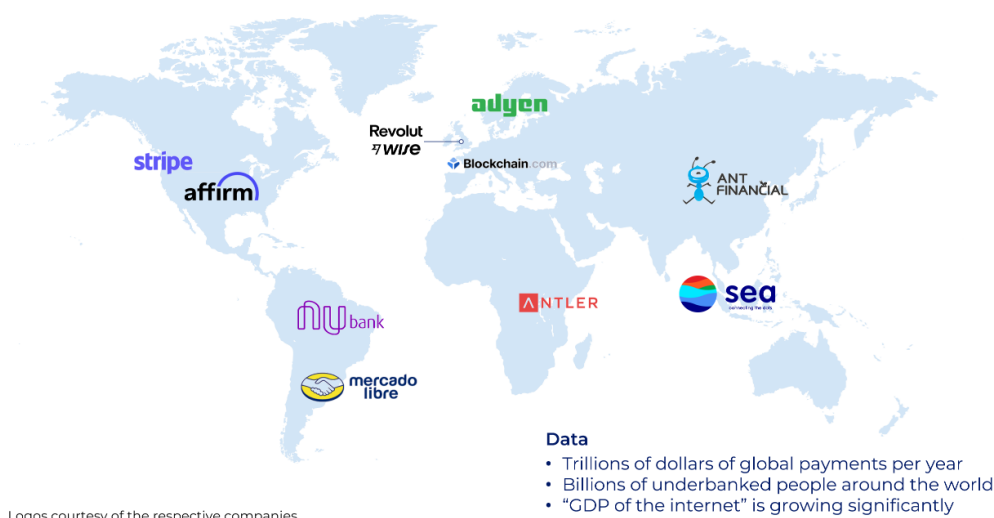


Companies like BYD and Nuro, are creating advanced autonomous driving while NVIDIA and Horizon Robotics provide technologies to support the advance. Zipline's autonomous drone delivery and Aurora's autonomous trucks are redefining logistics.

Joby Aviation is pioneering electric air taxis with a view to autonomous – what a great potential for urban mobility.

The digitalisation of finance is another of the world's most transformative trends.

Digitalisation of Global Finance



We have exciting investments including Stripe and Affirm in North America Nubank and MercadoLibre in Latin America Adyen, Revolut and Wise in Europe and Ant Financial and Sea Group in Asia.

These companies are revolutionising banking and commerce including trillions of dollars in payments and improved financial inclusion for billions of underbanked people.

The rapid growth of the so-called 'GDP of the internet' further underscores this important trend.

If you want to beat the market, you need different views to the market. Our high active share shows we are different.

And while we are more concentrated than the market, it's in a different way.

Our top 10 is 45 per cent of the portfolio and it does include US tech giants Amazon and Meta.

But there is a world of opportunities. From Emerging Markets, we have exciting ecommerce platforms MercadoLibre, Pinduoduo, and Meituan.

From Europe, we have exotic sports cars from Ferrari and audio streaming from Spotify which we've owned since it was private.

We can have up to 30 per cent in private companies, which is a real differentiator. Our largest holding is the private company SpaceX which is making amazing progress in space logistics and satellite internet connectivity.

And given its main customers are government and large telecoms and there's no proper rival to its Starlink satellites SpaceX is arguably less susceptible to brand pressure than Tesla.

From China we have ByteDance another of the world's largest private companies and owner of TikTok. ByteDance is changing how digital content is produced and consumed.

Our private allocation was 28 per cent at the end of March. Our valuations are updated at least once a quarter and they have been updated again after some of the recent volatility.

A word on performance.

We don't usually comment on short periods but we did recently enter a sharp period of volatility.

In response to US tariffs, trillions of dollars fell from global markets. Beginning in the Americas this spread around the world. Scottish Mortgage has not been immune. In Q1, Scottish Mortgage experienced volatility in line with its benchmark. This could remain for a time.

However, meaningful progress takes place over 5-10 years or more. It's pleasing that our long-term returns have been so strong. Our last 10 years of cumulative portfolio returns was 320 per cent to the benchmark's 180 per cent.

These were driven by a few big winners growing multiples of our original investment. Such as NVIDIA, Ferrari, ASML, and Amazon.

Progress continued in 2024, when our portfolio grew 24 per cent to the benchmark's 20 per cent.

Positive contributors last year included NVIDIA, Spotify and Meituan – all making excellent progress.

There's also been our share buyback announced in March 2024 of at least £1bn, which remains ongoing. This had been helping to narrow a greater than usual discount though the discount is currently volatile along with the broader market.

The board believes that it's in the long-term interests of shareholders to manage discount and premium volatility over time.

The recent market sell off has been sudden and indiscriminate. Global companies will be seeking to optimise their supply chains. We're interested in where the stock market is getting it wrong.

For example, in electric vehicles if BYD is subject to the tariffs on China, it could still one day sell 10mn cars or more a year outside the US, including autonomous and rapid charge technology.

And while large software companies may be immune from certain tariffs, second order effects could be felt on things like advertising.

Unlike much of the market we think it's important to carefully analyse these things.

On trading activity, we expect turnover to remain low. However, volatility, though painful, can provide opportunities.

We recently bought Revolut the revolutionary British digital bank that offers a range of streamlined services, at low cost.

We made *follow up* investments, including BYD, which has become the world's leading electric vehicle company. And Coupang, the impressive Korean ecommerce platform.

We funded these by some reductions. From Tesla we took over £700m and NVIDIA £1bn over the last 12 months, taking them to much smaller sizes in the portfolio.

We also reduced health care pioneer Tempus AI, data analytics company Cloudflare, and MercadoLibre, as share price growth allowed capital use elsewhere.

We think the portfolio is well-positioned for long-term growth. And encouragingly, it displays characteristics that can help to withstand difficult markets.

Our holdings have greater capitalisation on average than the market. They have lower debt levels than the market. They are reinvesting more in growth than the market. And their earnings and sales growth has been stronger than the market which is the main driver of share price over the long term.

We're interested in growth that is exceptional, resilient and adaptive.

In summary, at Scottish Mortgage, we aim to offer something distinctive: a liquid and low-cost portfolio of the world's most exceptional public and private growth companies.

We are committed to navigating challenging markets with a focus on long-term opportunities.

By investing in exceptional companies that are driving transformative trends like autonomous technology and financial digitalisation we aim to create exceptional long-term value for our shareholders.

Thanks for your time.

Annual Past Performance To 31 March each year (net %)

	2021	2022	2023	2024	2025
Share Price	99.0	-9.5	-33.6	32.5	6.0
NAV	111.2	-13.2	-17.8	11.5	11.4
Benchmark*	39.6	12.8	-0.9	21.0	5.5

Source: Morningstar, total return, sterling. *FTSE All World Index (GBP).

Past performance is not a guide to future returns.

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(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant to an offer made under Section 275 except:

(1) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA,

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; or

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