

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

Bill Chater: EWIT has a single mission, to identify underappreciated innovators early, support them for the long term, but continually reassess their merit relative to the next generation of great businesses. We manage the trust to deliver long-term returns through operational growth, and we recognise the need to repair the long-term track record, but as we've discussed in previous updates, this is the team's core focus.

Overall, 2025 has been a rewarding year with robust absolute returns, although some volatility in the fourth quarter has somewhat softened the annual number. We've always guided shareholders to expect performance over short periods, such as quarters, to be volatile, both to the upside, as we saw in the third quarter of 2025, but also the downside, as we've seen this quarter.

So, while we won't overreact to a difficult quarter, let's examine the recent performance drivers, but use these to illustrate our confidence going into 2026 and beyond.

First, after a prolonged rally, the AI market complex experienced a valuation reset in November as investors confronted questions about the growth required to deliver returns above the currently rich premiums. This prompted a shift away from US tech towards more traditionally defensive or cyclical areas. And several of our names were caught in this rotation.

But we've not seen anything to dampen our long-term bullishness in AI's transformative potential. And to capture this, we're focusing on the bottlenecks of the AI value chain, where companies can extract the greatest value, then looking for those where growth is occurring here and now. The physical infrastructure required to build and run AI data centres is a clear example of this. Despite the price pressure on holdings like Iron and Astera Labs, their rapid growth illustrates the need and demand for their services.

Second, heading into 2026, we're again at a point of uncertainty surrounding US monetary, fiscal and trade policies. Despite US interest rates being cut again in December, the longer end of yields actually crept slightly higher, dampening market enthusiasm for long-term growth opportunities.

And this contributed to the portfolio's valuations being somewhat compressed, with the aggregate price-to-sales metric declining. But it's important to remember that the political policy cycle moves quickly, especially at the moment. It's barely 12 months since the Trump election rally, and it's less than nine months since the volatility of Liberation Day.

And this is why we adhere to our process. Identifying and thoroughly understanding the best companies within our universe, trusting capable management teams to navigate turbulence, and relying on the long-term correlation between operational growth and share price performance. And in that regard, the portfolio is in strong health. It's forecast to grow sales and earnings at three times the rate of the index over the coming year.

Third, we saw some price pressure on some of the portfolio's larger names. The law enforcement technology company Axon saw its price fall after its latest earnings report revealed compressed margins due to tariffs on imported input materials.

Well, despite its latest earnings delivering a beat and guidance rise, Alnylam, the RNA Pharmaceuticals company, saw some profit-taking following strong gains through the year. We retain a strong conviction in both of these holdings.

American Superconductor, the grid systems and resiliency business, experienced a pronounced drawdown following its earnings release. We reviewed this position in the quarter following that drawdown, and we can build conviction in a 25 per cent per annum long-term growth trajectory. Given the recent decline in price, we feel that that scenario is in no way reflected in the market valuation.

But to be very clear, despite the quarter's weak performance, several holdings delivered exceptional returns. Our healthcare names were broadly strong. Garden Health, the cancer diagnostic business, and Tandem Diabetes, the insulin pump manufacturer, both rallied sharply on impressive quarterly results.

While SpaceX, the space technology company and the Trust's largest position, made pleasing progress. Following a lull in Starship launch activity, it launched its 10th Starship flight, demonstrating successful payload release and the return to Earth for both its ship and booster components.

Now, the end of 2025 marks 12 months since we introduced meaningful process enhancements. These, along with the enthusiasm of several new investment team members, have led to the repositioning of nearly a fifth of the portfolio over the last year. Now, we expect this rate of turnover to moderate. Nevertheless, we're excited by the cadence and the quality of idea generation. And frankly, The competition for capital is at its highest level for years.

The Trust is now exposed to companies at the heart of today's most important structural growth themes, spanning from those meeting the current need for security and resource sovereignty to those powering the future of compute or unlocking genomic secrets. And it's our excitement about these companies and their potential influence over the coming decade that gives us the confidence to say that despite this quarter's volatility, EWIT's prospects have seldom been so bright.

Now, finally, a US hedge fund manager, SABA, is again attempting to seize control of EWIT, following a similar attempt in February 2025. EWIT's board believes that SABA continues to prioritise its own commercial interests and strongly encourages shareholders to vote against all requisitioned resolutions proposed by SABA. We thank you for your support and thank you for watching today. Goodbye.

Edinburgh Worldwide Investment Trust plc Annual discrete performance to 31 December

	2021	2022	2023	2024	2025
Share Price (%)	-20.9	-39.8	-10.9	23.9	9.5
NAV (%)	-17.4	-34.4	-4.8	6.3	17.1
Index* (%)	16.4	-7.8	9.4	10.3	9.9

Source: Morningstar, S&P. Total return in sterling.

*S&P Global Small Cap Index.

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