

Edinburgh Worldwide quarterly update

April 2025

Edinburgh Worldwide Investment Trust co-manager Douglas Brodie discusses the trust's performance, philosophy towards trade tensions and potential for future growth.

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

At Baillie Gifford, we've been investing since 1908, so we've seen world wars, pandemics, and market shocks like this before. When markets fall, we don't panic. Instead, we take a patient, measured approach. We assess portfolios carefully and focus on each company's fundamental growth drivers. History has shown us that staying calm and making thoughtful decisions during uncertain times is one of our key strengths.

Do trade tensions impact Edinburgh Worldwide?

The fragmentation of global trade isn't new—it began during the first Trump administration and has continued since. We've been factoring these trends into our company analysis for some time.

What's new this time are the motivations driving the tariffs. What we see unfolding is a real pivot in the willingness of the US to be the controlling superpower, a real challenge to US exceptionalism and a resetting of key global alliances.

One notable consequence is the increased pressure on companies to reshore and bolster their supply chains. Some of our businesses are thriving in this environment. For example, The Californian rare earth miner MP Materials is positioning itself as the only vertically integrated Western supplier of rare earth magnets, most of which are currently sourced from China. These magnets are critical for industries like EVs, wind turbines and robotics, which are areas of significant structural growth.

Another one is Xometry, an online marketplace for industrial manufacturing in the US. Xometry connects buyers with a fragmented base of vetted suppliers, enabling more adaptable, more domestically skewed supply chains.

Of course, not all companies will thrive in this environment. But with so much in flux, we have sought to avoid making snap decisions. Instead, we are carefully assessing each holding, trying to understand possible material impacts and second order effects. Attempting to provide definitive answers at this stage would be premature and potentially irresponsible.

Have you made any changes as a result?

We haven't made any changes to the portfolio so far. Most of our portfolio companies are well-positioned—they are smaller, adaptable, entrepreneurial businesses that are agile and capital-light. Given that the recent fall in markets has indiscriminately impacted share prices, we're also interested in the opportunities that might be thrown up by the situation. We'll review current holdings and new ideas where valuations have become particularly attractive.

And what about the private companies?

We proactively revalue our private holdings to reflect movements in their public market comparators. So, when public markets decline, it will negatively impact the value of specific private holdings. That impact is quickly reflected in the trust's Net Asset Value; there is no delay.

How do you think about the future?

We're optimistic. Despite political uncertainty, our three-year forward earnings estimate - which means the rate at which our holding's profits are predicted to increase - remains steady at over 21%, double the benchmark rate. At the end of 2024, we made carefully considered enhancements to our team and portfolio construction process, which we are confident put us in a stronger position than previous market downturns. But most importantly, we believe the growth opportunities ahead of us are as exciting as ever.

Annual past performance of the Edinburgh Worldwide Investment Trust to 31 March each year (net%)

	2021	2022	2023	2024	2025
Share Price	82.0	-32.0	-30.4	-4.0	5.4
Net Asset Value	93.1	-25.1	-24.3	-10.0	-1.2
S&P Global Small Cap Index	61.1	4.2	-2.7	13.8	-2.6

Source: Baillie Gifford & Co, Morningstar, S&P. Total return, sterling.

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The specific risks associated with the **Edinburgh Worldwide Investment Trust** include:

- The Trust invests in overseas securities. Changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.
- Unlisted investments such as private companies, in which the Trust has a significant investment, can increase risk. These assets may be more difficult to sell, so changes in their prices may be greater.
- The Trust can borrow money to make further investments (sometimes known as "gearing" or "leverage"). The risk is that when this money is repaid by the Trust, the value of the investments may not be enough to cover the borrowing and interest costs, and the Trust will make a loss. If the Trust's investments fall in value, any invested borrowings will increase the amount of this loss.
- Market values for securities which have become difficult to trade may not be readily available and there can be no assurance that any value assigned to such securities will accurately reflect the price the Trust might receive upon their sale.
- The Trust can make use of derivatives which may impact on its performance.
- Investment in smaller, immature companies is generally considered higher risk as changes in their share prices may be greater and the shares may be harder to sell. Smaller, immature companies may do less well in periods of unfavourable economic conditions.
- Share prices may either be below (at a discount) or above (at a premium) the net asset value (NAV). The Company may issue new shares when the price is at a premium which may reduce the share price. Shares bought at a premium may have a greater risk of loss than those bought at a discount.
- The Trust can buy back its own shares. The risks from borrowing, referred to above, are increased when a trust buys back its own shares.
- The aim of the Trust is to achieve capital growth. You should not expect a significant, or steady, annual income from the Trust.

Further details of the risks associated with investing in the Trust, including a Key Information Document and how charges are applied, can be found in the Trust specific pages at www.bailliegifford.com, or by calling Baillie Gifford on **0800 917 2112**.