

## Edinburgh Worldwide Investment Trust plc: Resetting a path for growth

November 2024

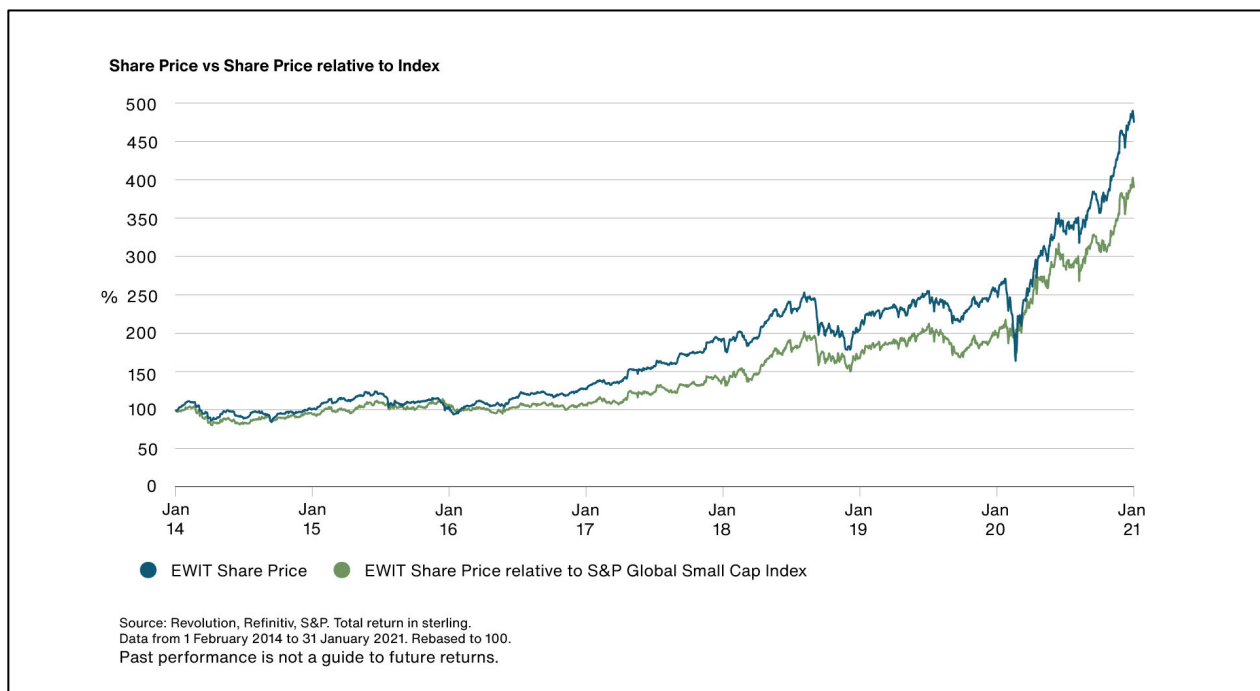
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Chair Jonathan Simpson-Dent reaffirms conviction in Trust's strategy and shares plans to enhance the team, rebalance the portfolio, tighten execution and offer shareholders potential for exit.

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Hello, I'm Jonathan Simpson-Dent.

Back in March, I took over as chair of the Board of Edinburgh Worldwide Investment Trust, excited by our mission to seek out transformative businesses at frontiers of innovation, game-changers reshaping end markets.



Under Baillie Gifford's expert management, we delivered many years of consistent performance, often trading at a premium to a growing net asset value, issuing stock to meet demand, with some wonderful success stories along the way.

We were an early-stage investor in the EV (electric vehicle) revolution with Tesla, and are now investing in the future of therapeutics development with Alnylam, in the commercialisation of space exploration with Space X and quantum computing with PSI Quantum.

However, our shareholders would recognise that is not the whole story.

Following a long period of consistent performance, Edinburgh Worldwide has not achieved its potential over the last three years. As with many investment trusts, our premium has become a discount, our net asset value has reduced as the market becomes more selective for emerging growth companies and our hit rate on businesses delivering exceptional returns has decreased.

In recent months, our net asset value has returned to growth and the discount has narrowed significantly. But we are still not where we want to be.

As an independent Board with a commitment to our shareholders, 2024 has been the right time to take a step back; to take a good hard look at ourselves and, with the additional scrutiny of external specialists, to ask the tough questions; to test Edinburgh Worldwide's strategy, relevance and potential in a crowded market; to assess our investment portfolio, our team, our execution processes; to learn and improve.

## **Reaffirm commitment to the Edinburgh Worldwide strategy**

Firstly, we came out of this detailed review with a strong conviction in Edinburgh Worldwide's vision and strategy: to identify and access potential outsized returns from a carefully selected and managed portfolio of groundbreaking businesses aiming to transform end markets; a global and broad sectoral reach with a mandate to deploy a quarter of the Trust's capital into exciting private companies.

## **Resetting a path for growth**

Secondly, we believe that Baillie Gifford has the right skills and expertise to deliver this strategy but recognise that changes are necessary to drive consistent performance and return the Trust to a path for growth. Together with Baillie Gifford, we have agreed a detailed action plan:

- **Enhancing the team** with Luke Ward and Svetlana Viteva becoming co-managers alongside Douglas Brodie, while improving structure, challenge and support around them.
- **Rebalancing the portfolio** with increased focus from fewer holdings and a better balance between sectors and financial maturity profile to improve resilience.

- **Broadening our field of play** for game-changing businesses by increasing our upper market capitalisation threshold from \$5bn USD to \$25bn, in line with global small cap benchmarks.
- **Tightening execution** through improved decision-making processes and discipline to adjust more rapidly to changes in market dynamics.

## **Return up to £130mn to shareholders**

Thirdly, we are committing to return up to £130mn to shareholders. While we hope that many current and new shareholders will be excited about the future of Edinburgh Worldwide, the Board respects shareholders' patience over recent years and would like to offer an opportunity for at least a partial exit for those who desire it.

## **Shareholder circular published**

Many of these actions are already being implemented and some require shareholder approval as detailed in a circular which sets out the necessary practical and legal steps for shareholders.

I would also like to thank Baillie Gifford for the firm's engagement and collaboration with the Board, and its commitment to Edinburgh Worldwide, funding much of the detailed review by reducing fees for the last six months.

I said at the start that I am excited by what we are doing at Edinburgh Worldwide. The Board is convinced that our objective, to seek out businesses operating at frontiers of ingenuity and innovation, has the potential for long-term attractiveness and outsized returns for both existing and new shareholders. We believe our detailed action plan and proposals can deliver this objective and reset the Trust on a path to growth.

Thank you for listening.

**Edinburgh Worldwide Investment Trust – investing at the frontiers of ingenuity and innovation.**