

Digital Conference: Introduction

Claire Shaw, Portfolio Director
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Your capital is at risk. Past performance is not a guide to future returns.

Claire Shaw: Hello and welcome to the second annual Scottish Mortgage Digital Conference: Change Drives Growth. My name is Claire Shaw, Portfolio Director.

The theme 'Change Drives Growth' is an apt reflection of both the global backdrop we face today and the way Scottish Mortgage seeks to position the portfolio to generate long-term returns for you, our shareholders.

Rapid shifts in technology, consumer behavior, and geopolitics are redefining competitive landscapes across multiple industries and every geography. And against a backdrop of volatility and uncertainty, our philosophy remains rooted in identifying and backing exceptional companies capable of adapting to and benefiting from change.

So today's session is about exploring how change creates opportunity, what's driving it, and how we're responding to it, and where it might lead next. We believe we are entering a period of change that will dwarf the shifts we have witnessed over the past two decades, with artificial intelligence being at the very heart of this change. In our opinion, AI is not just another technology trend, but a new foundation for the global economy.

We've got an incredible lineup ahead over the next 90 minutes or so. So, to outline what we have in store for you, I will kick off proceedings by giving an update of the portfolio and our reflections on the last year.

I will then hand over to Scottish Mortgage Manager, Tom Slater, who will interview former astronaut and SpaceX advisor, Chris Hadfield, on the business of space. Tom will then be joined by fellow manager, Lawrence Burns, and investment specialist, Hamish Maxwell, to discuss our latest research on how we identify companies that can drive exceptional returns.

In our third session, Lawrence then welcomes the incoming CEO of MercadoLibre. And we'll finish with time for your questions to the managers. So please stay tuned and get involved by submitting your questions through the dropdown menu on your screen.

So, before we dive into the agenda, let's take a moment to reflect on the year gone by. In the past year, we have seen significant developments across several of our largest holdings. But it has been companies driving and benefiting from advances in AI that have driven the strongest returns.

NVIDIA and TSMC both delivered exceptional performance over the last year, driven by explosive demand across the globe for AI chips. The so-called hyperscalers and long-term holdings of the portfolio, Amazon and Meta, both benefited from AI-driven growth across cloud services, advertising revenue, and advanced AI infrastructure.

In ecommerce, platform leaders such as Singapore-based Sea Limited and Latin America's MercadoLibre, who we will hear from later, were standout performers. Both were rewarded by the markets by delivering robust growth against a shifting consumer environment and tariff-related volatility.

And we also saw remarkable progress in our next generation of winners over the last year. The companies that may not yet be household names but could become the giants of tomorrow.

From Joby Aviation's electric air taxi fleet to Aurora's driverless trucks, to Zipline, the world's largest drone delivery network, partnering with Walmart to enable rapid delivery of groceries. These businesses epitomise our belief that structural change, whether through technology or business model innovation, is the most reliable engine of long-term value creation.

Portfolio changes over the period reflect both our commitment to active ownership and our willingness to recycle capital into higher conviction ideas. Over the past year, several new names have entered the portfolio, businesses we think are shaping the industries of tomorrow.

On the theme of AI, we recently took a new holding in private company Anthropic, a company which builds advanced AI assistants, which people and businesses can use to answer questions, write code and solve problems. Demand for Anthropic models is so prolific that it makes it one of the fastest growing technology companies in history.

Shifting gears to another global mega trend, the energy transition, where innovation and clean energy technologies presents attractive investment opportunities for us. Over the last year, we initiated new positions in electric vehicle company BYD and the world's largest lithium-ion battery manufacturer CATL.

In our opinion, both companies are no longer just domestic Chinese players, but have evolved into global champions in their respective fields. Other notable new buys come in the form of two companies at the forefront of disrupting the traditional banking industry. The Brazilian digital banking giant, Nubank, and Revolut, based here in the UK.

And on the opposite side of the ledger, we have exited positions in a number of smaller holdings, where the growth prospects became less compelling. These included Wayfair, ClearSecure, and HDFC Bank.

So that's been a very quick summary of the last year, but there has been one name I have not yet mentioned, SpaceX, one of the biggest drivers of our share price performance over the last five years. This is a company pioneering the space industry.

And so, I can think of no one better to share their views on the new space economy than our next guest, Chris Hadfield.

Scottish Mortgage Annual Past Performance To 30 September each year (net %)

	2021	2022	2023	2024	2025
Share Price	44.5	-45.0	-13.9	25.6	36.5
Net Asset Value	39.4	-36.3	-5.9	16.8	33.3
Benchmark*	22.7	-3.6	11.1	20.2	17.4

Performance figures appear in GBP. *FTSE All World Index (GBP) TR.

Performance source: Morningstar and relevant underlying index provider, total return.

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