

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

**Bill Chater:** EWIT's focus is simple. Find underappreciated innovators early, back them for the long term, and remain vigilant about the next generation of great businesses.

Recently, we've observed that the market is becoming more supportive of this style. After years of investors narrowly focusing on mega-cap tech, with ambitious smaller companies firmly out of favour, market breadth is improving.

The visibility of demand in areas like AI and Western reshoring is prompting investors to look through the market cap spectrum for companies which could capitalise. Accordingly, the market has re-rated several of our most overlooked holdings.

Now, yes, the smaller company's asset class remains out of favour as a whole, but with greater clarity on US interest rate cuts and capital markets quickening, we're optimistic about its path. Overall though, this is a much healthier backdrop for EWIT compared to 2022 or 2023.

Encouragingly, absolute returns over the quarter have been very strong and clearly ahead of the benchmark. And we also want to highlight the strength of returns over the last 12 months, while stressing that we remain eager to continue repaying shareholders' trust and patience.

So while the market environment has certainly been helpful, most of those returns have actually been generated from decisions we made years ago. Four of the top five contributors over the last 12 months, which have generated more than two-thirds of the returns, these are businesses that we've owned for more than five years.

For each, companies like Axon Enterprises or AeroVironment, we've had to tolerate drawdowns of over 40 per cent between 2021 and 2023. But to us, this highlights the virtue of backing conviction, holding good companies in size, and being resolutely long-term.

Now, this has undoubtedly also been the case with Alnylam, the biotech built on RNA interference, which has been owned in the trust for coming up on a decade. Early commercial traction in its new cardiovascular therapy is extremely exciting. We believe it can go on to become the first-line treatment in a life-limiting disease, which would unlock a multi-billion dollar revenue opportunity.

Our summer meetings with management, though, reinforce something perhaps less tangible but more exciting, that the company is on the precipice of evolving from being a rare disease specialist into being a broader business which is treating chronic illness with an engine for market-leading development speeds and hit rates.

But as I mentioned earlier, another theme in markets is that they're becoming increasingly alive to the interplay between business and governments, especially where strategically important technologies are involved. Now, there's perhaps no better example of this than SpaceX, and the

summer saw eye-catching test flights of its Starship, with it successfully releasing payloads and returning both boosters and ship to the launch pad.

But what's perhaps more striking is the company's bold expansion into mobile, a \$17bn move to acquire global Spectrum rights from EchoStar. The aim of this is simple but radical. Deliver broadband-like capabilities to ordinary mobile phone handsets in almost any environment.

While it's being framed as a partnership with existing mobile operators, the optionality is clear. SpaceX is positioned to monetise this directly if it chooses. Now that mix of execution plus option-like value is exactly what EWIT seeks in frontier technologies.

But from space exploration to Bitcoin mining, the breadth of EWIT's research takes the team into many varied markets. And I want to emphasise the strength of recent idea generation, which has created an exceptionally high level of competition for capital within the portfolio.

Over the quarter, we bought more than five new holdings, including a precision oncology detection business and a technical education provider. But among them is IREN, a company which started with a simple insight: that the digital world is scaling faster than the physical assets behind it.

So based on this, they secured power, land, and know-how to run compute-dense data centres. They initially focused on Bitcoin mining, but have shifted to AI compute, where returns are now much higher. It joins several holdings within the portfolio that are experiencing rapid growth thanks to the immense scaling of AI data centres.

But that competition for capital that I mentioned it's also represented in the number of full sales, with more than five occurring over the quarter. A notable one was Sweetgreen, the US casual healthy eating chain.

This is a company where we admired the ambition, but recent trading has challenged our thesis, with traffic, mix, and execution all moving the wrong way. With our conviction broken, we've chosen to sell out entirely from the position and recycle the capital into areas of the portfolio with greater belief.

But look, a clear theme running through this quarter is the idea of breadth. in markets, but also our research where we have searched far and wide for the special few companies with competitive advantage, strong economics and long growth runways, but then being really disciplined with capital allocation, trimming on exuberance and exiting when the thesis is broken.

But the message I'll leave you with is this. It's been a strong period for EWIT. Rapid absolute progress, strong fundamentals, and a portfolio steadily upgraded by a robust level of competition.

Look, history tells us returns won't be linear, and our approach has some inherent volatility. But we'll stay patient, selective and long-term, because in our experience, this is how investor returns are generated. Thank you for watching.

**Edinburgh Worldwide Investment Trust plc**  
**Annual discrete performance to 30 September**

	2021	2022	2023	2024	2025
Share Price (%)	5.3	-43.3	-20.1	11.0	30.8
NAV (%)	12.4	-37.7	-17.0	2.5	25.1
Index* (%)	33.5	-9.1	5.1	13.1	11.9

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

\*S&P Global Small Cap Index.

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