Scottish Mortgage Inv Trust

Strong returns from public and private investments

Investment companies
Global listed and private equities

13 April 2026

Scottish Mortgage Investment Trust (SMT) is managed by Baillie Gifford's Tom Slater and Lawrence Burns, who aim to generate strong long-term total returns from a portfolio of listed and private growth companies. Their philosophy is that the majority of stock market returns are generated by a few successful businesses, and the market offers asymmetric returns. This approach has proved very successful, with annual NAV total returns of 18.3% over the last decade, which is considerably ahead of the All-World reference index. SMT's performance ranks first among the nine funds in the AIC Global sector over the last one, three and 10 years. The trust's long-term record is intact despite growth-style performance headwinds that have negatively affected SMT's five-year record.

Price		**1,361.00p**
Market cap		**£14,674m**
Total assets		**£15,878m**
NAV		1,326.7p
[1]NAV at 9 April 2026.		
Discount to NAV		2.6%
[1]Premium to NAV.		
Current yield		0.3%
Shares in issue		1,078.2m
Code/ISIN		SMT/GB00BLDYK618
Primary exchange		LSE
AIC sector		Global
Financial year end		31 March
52-week high/low	1,372.5p	853.6p
NAV high/low	1,346.7p	935.4p
Net gearing		11.0%
[1]Net gearing at 28 February 2026.		

Exhibit 1: NAV versus the benchmark over the last decade

Source: LSEG Data & Analytics, Edison Investment Research

Why consider SMT?

Second in size to specialist private equity investor 3i Group, SMT dominates the traditional UK investment company sector. Its scale results in a very competitive 0.31% ongoing charges ratio. This is the least expensive ongoing charges ratio in the AIC Global sector and around half the sector average.

SMT's portfolio is diversified by geography, sector and market capitalisation. The trust provides exposure to the current and potential future winners, both listed and unlisted. Private company exposure is mainly in later-stage, cash-generative firms; of note, SMT has holdings in six of the largest eight private companies. Its largest position is Space Exploration Technologies (SpaceX), which makes up around 19% of the portfolio following a March 2026 revaluation based on an external transaction. SpaceX entered the portfolio in 2018 and the position size was increased in 2021; the combined c £200m investment is now worth c £3bn. The company is planning to list its shares in 2026.

The managers are very bullish on SMT's prospects given a wealth of interesting opportunities available across the globe in both developed and emerging markets. This is evidenced by a steady number of new holdings; in H126 (ending 30 September 2025) three listed and two private companies were added to the portfolio, one of which was leading AI developer Anthropic.

SMT has recently returned to trading at a premium to NAV. There is scope for this to continue, as was the case prior to Q222, given the trust's strong performance record.

Fund objective

Scottish Mortgage Investment Trust, managed by Baillie Gifford, is a UK top 100-listed fund investing globally in innovative public and private companies. Founded in 1909, it focuses on long-term growth by backing transformative businesses across sectors and geographies.

Bull points

- Provides exposure to exciting long-term growth opportunities.
- Investment in both listed and private companies that are not widely available.
- Managers are part of a well-resourced, innovative investment team.

Bear points

- Performance can be negatively affected by style headwinds and investors' attitude to risk.
- Modest dividend yield.
- Gearing amplifies potential downside during periods of market weakness.

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SMT: Long-term investment in exciting growth opportunities

Launched in 1909, SMT is listed on the Main Market of the London Stock Exchange and is a member of the top-100 UK company index. Since inception the trust has been managed by Baillie Gifford, a privately owned investment management company with 58 partners, around 1,700 staff and more than £200bn in assets under management or advice.

SMT's managers are Tom Slater (lead manager), who is a partner and head of Baillie Gifford's North American equities team, and Lawrence Burns (deputy manager), who is also a partner and leads international strategies that are focused on investing outside the US. They aim to identify, own and support the world's most exceptional growth companies. SMT has a notable underweight exposure to the Magnificent Seven (Mag-7) US large-cap technology stocks, with investments in just four of these names: Amazon.com, Meta Platforms, NVIDIA and Tesla, which combined make up around 10% of the portfolio. This is lower than the c 20% and around a third Mag-7 weightings in the MSCI All Countries World Index and the S&P 500 Index, respectively; hence, the trust could be a useful diversifier within a global equity allocation.

The managers have an unconstrained, bottom-up approach, investing for the long term in both public and private companies to maximise shareholder total returns via capital and dividend growth. They do not make asset allocation decisions or try to time the market. The portfolio typically holds 50–100 diversified positions. These are primarily listed equities, but fixed interest and convertible securities, funds, unquoted entities and other assets may be held. There are no set limits on geographic, sector or industry exposure. A maximum 8% of total assets in a single holding is permitted (at the time of investment). Private company exposure is limited to 30% of total assets (at the time of purchase). Derivatives are permitted for efficient portfolio management, but require prior board approval. Performance is measured against an All-World index (in sterling terms) over a five-year rolling period or longer.

Recent announcements

Revaluation of SpaceX – on 1 April 2026, the board announced a revaluation of SpaceX, based on an external transaction, which was reflected in SMT's NAV. This resulted in SpaceX making up 19.3% of SMT's total assets at the close of business on 31 March 2026 compared with 15.4% on 28 February 2026.

Proposed change to SMT's investment policy – on 16 March 2026, SMT announced a proposed change to the company's investment policy. For full details please click here. It would grant the board the ability to allow the managers to invest a further £250m in private companies once the 30% limit at the time of investment has been reached. Importantly, the managers do not have discretion, as it is a board decision; the additional capacity would be subject to tight parameters, governance oversight and annual shareholder renewal.

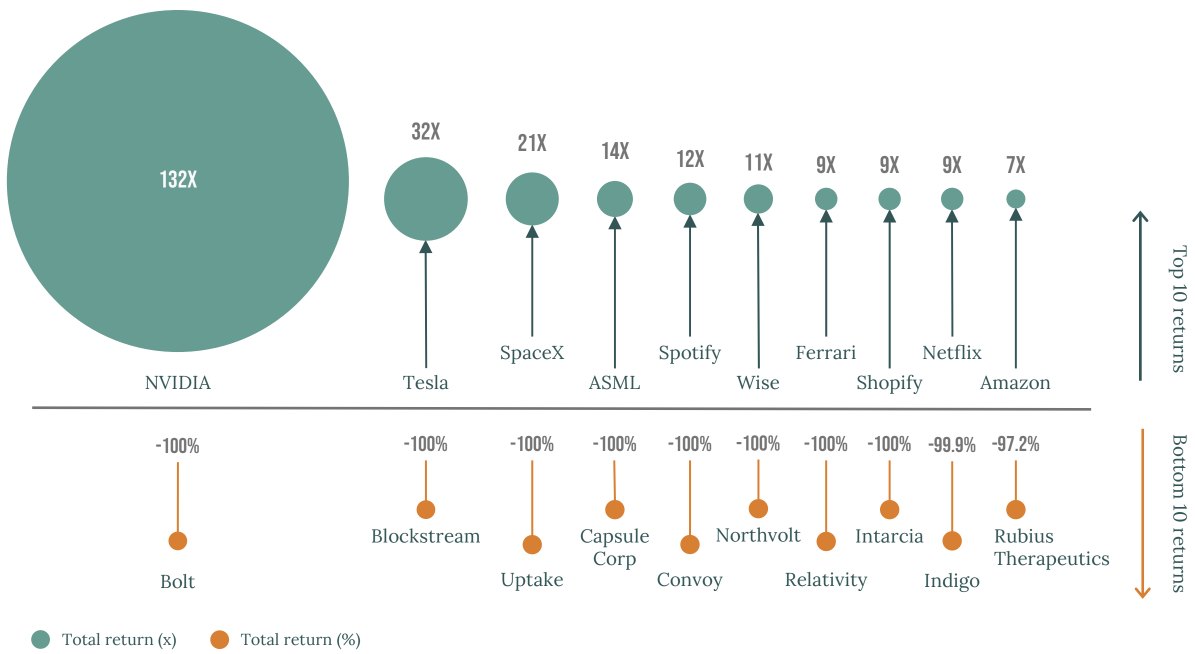
SMT's board is very conscious of the 30% limit on private investment. With a large revaluation of SpaceX in December 2025 moving its weight as a percentage of total assets from c 8.2% at end November to c 15.1% at end December 2025, and ongoing share repurchases reducing the asset base, the trust is essentially locked out of participating in follow-on or exciting new private investments. The £250m potential further investment in private companies is just 1.7% of the trust's total assets, but compares with c £300m in initial and follow-on private investments over the last two years. SMT's board recommends approval of the change in investment policy as it believes it is in the best interests of all shareholders.

A vote was taken at a general meeting on 10 April 2026. There was overwhelming support with 99.7% approval of the change in the investment policy. Subsequent votes will now be taken at each AGM from 2027 onwards.

Investment philosophy

The majority of stock market returns are generated by a very small number of companies. These are outlying businesses that exploit the asymmetric pay-off of equity investment – the maximum loss is 100%, whereas the maximum upside can be many multiples of an original investment. SMT has a very strong performance record and its portfolio is liquid and low cost. However, the investment style means that there can be periods of performance volatility.

Exhibit 2: Asymmetric returns: SMT's largest winning and losing investments in the decade to 31 Dec 2025



Source: SMT, Edison Investment Research

SMT's portfolio is constructed taking into account the managers' six core beliefs:

- **Long-term patient capital.** The managers believe that it takes at least five years for companies to demonstrate their competitive advantages and managerial excellence. Slater and Burns see themselves as owners of companies rather than traders in shares. The managers believe that, in general, the investment management industry is too short-term focused and that it takes at least a decade to demonstrate investment skill. Hence, they do not get swept up in short-term volatility and market noise – they have to be willing to accept losses if there is an equal or greater chance of outsized (almost unlimited) gains.
- **Find the few exceptional companies.** Slater and Burns consider themselves to be optimists, when the dominant investor mentality is to limit volatility and avoid downside risk. They believe that equity markets offer asymmetric risk; internal research has shown that over the last 30 years c 5% of stocks have gone up at least five times in any five-year period. Academic research has shown that over the longer term the percentage of major winning stocks that drive the majority of stock market gains is even lower.
- **Learn from external sources.** The managers have little confidence in quarterly earnings releases and sell-side research. Instead, Baillie Gifford focuses on other sources of information, including academics and universities and alternative insights from non-fiction authors, while their interactions with company management teams involve discussions about longer-term business development plans. The managers find great value in talking to the entrepreneurs who have built the few exceptional businesses.
- **Unconstrained opportunity.** Slater and Burns are wholeheartedly growth stock investors. They look for extraordinary growth that often requires little fixed assets or capital, which they refer to as 'growth at unreasonable prices', rather than the traditional strategy of growth at a reasonable price. They need to be willing to pay high multiples of immediate earnings due to the dramatic potential and future returns. The search for outlying companies has moved beyond traditional listed equity markets – some of the trust's most successful investments have significantly lower financing costs compared with history, as access to online distribution has dramatically increased the addressable markets for their breakthrough businesses, while using third-party infrastructure has reduced growth companies' capital intensity and reliance on external financing. These companies can select shareholders that are prepared to stay private for longer. Hence, in their quest to invest in the most promising growth businesses, the managers have expanded their private market operations; the investment process is the same for public and private investments.
- **Meaningful relationships.** Baillie Gifford believes that investment management is a relationship business, hence its responsibility is to ensure strong governance and engage with firms. The company provides capital to investee

companies to fund their long-term future growth, not for them to take a short-term view and return excess cash flow to shareholders. In a rapidly changing world, capex is required more than ever.

- **Low cost.** Limiting fees for shareholders is an imperative as the negative effect of high fees on long-term total returns is frequently underestimated. As an example, 0.3% annual fees on a £1,000 initial investment that generates 10% per year for 10 years results in an end valuation of £2,517. However, with annual fees of 1.5%, a £1,000 investment generating the same 10% per year for 10 years results in an end valuation of just £2,230, which is £287 lower.

The managers' view: The golden age of change

SMT provides exposure to global change and progress. Slater and Burns consider that now is an exciting time, as the rate of change is accelerating, and they are very optimistic about SMT's prospects. The number of new holdings reflects how the economy is changing and the wealth of available opportunities. In 2025, seven new names were added to the portfolio. The managers are finding valuation anomalies across geographies in both emerging and developed markets. They believe that diversification brings a more holistic understanding of the changing environment.

Commenting on SMT's investments in private companies, the managers report that since the first deal in 2012, £350m has been invested in initial and follow-on investments. The trust's 10 largest private companies are growing their revenues at an average 140% per year, which compares to an average flat top line for the UK's 10 largest listed firms.

Slater and Burns highlight that we are in an unprecedented age of innovation that is affecting all areas of the economy. They provide their insights on three particular areas of change:

AI and the intelligence revolution. AI is the new foundation of the global economy. It is not a single product or service but a general technology that will permeate the whole economy, creating new categories, business models and winners. There will be only be a few winning businesses that will have scale and generate outsized returns. The speed and intensity of transformation in the next 20 years is expected to be far greater than the developments seen over the last two decades. Successful companies will require capital, ambition, adaptability and a sense of urgency.

Exhibit 3: SMT's breadth and depth of exposure across the AI stack

Level	Description	Portfolio examples
Power and data centres	Energy generation, grid and storage infrastructure, data centre construction and fit-out	No portfolio examples
Compute	Foundational hardware and resources performing the intensive calculations essential for running AI workloads	NVIDIA, TSMC
Data	Services and platforms responsible for managing, processing and supplying data to train and operate AI systems	Databricks, Snowflake
Intelligence	Core AI models and systems providing reasoning, generation or decision-making capabilities	Anthropic
Agentic infrastructure	Platforms and tools that enable large-scale coordination, communication and automation between AI agents	Amazon.com (Amazon web services), Cloudflare
Embodied intelligence	AI integrated into physical devices or robots to interact with the real world	Aurora, Horizon Robotics
Applications	End-user products and services that utilise AI to solve specific problems or offer unique solutions	Figma, Tempus

Source: SMT, Edison Investment Research

The future of mobility. Transport is undergoing a quiet revolution with robotics and intelligent logistics changing how goods and people move around the world. Mobility is now faster, cleaner and smarter as technology removes bottlenecks and re-engineers global connectivity, which is a structural shift in how the global economy flows. Portfolio companies that are benefiting from this shift include: Aurora (autonomous long-haul trucking), which is skilful in working with its ecosystem partners; Joby Aviation (electric air taxis), which is launching Dubai's first vertiport in 2026 (air taxis have the potential to replace helicopters); and Zipline (autonomous drone logistics), which has a partnership with Walmart to provide a 30-minute home delivery service in some cities in the US.

Slater and Burns focus on China, noting that investor perceptions about the country have changed in the last five years. China is home to some visionary entrepreneurs and new products are being rolled out quickly and efficiently. The country dominates global battery cell production with an 84% market share. Within this, CATL (one of SMT's new holdings) has a c 40% market share and is investing more in R&D than all other battery companies combined. China is technologically ahead of the competition, producing 72% of the world's electric vehicles (EVs), led by BYD. However, the managers are mindful of rising geopolitical and regulatory risks in China, and the trust's exposure has declined to c 12.5% from more than 20% in 2020.

Platforms and the digital economy. Platforms are the engines of transformation, replacing linear models with dynamic ecosystems, enabling minimal cost interactions. There are common features in a successful platform. Platforms improve as they scale up. More users supply more data, which leads to more recommendations. Costs can then be amortised over a larger base. Being highly adaptable brings the ability to capitalise on new trends as they emerge. Once scaled, platforms can leverage past success into new business models, infrastructure or industries. A few companies will capture a disproportionate value share as a handful of platforms become essential infrastructure in the modern world.

Exhibit 4: Platforms as engines of transformation

Platform	Portfolio company	Description
Enabling the technologies of tomorrow	SpaceX	Establishing the foundational platform for a scalable, commercial space economy
	PsiQuantum	Developing a quantum computing platform that could unlock entirely new classes of computational capabilities
Lowering the cost of entrepreneurship	Amazon.com	Amazon Web Services is lowering the barriers to starting and scaling digital businesses
	Shopify	Enabling millions of SMEs to become global merchants
	Stripe	Frictionless payments and financial infrastructure
Reshaping consumer behaviour	ByteDance	Redefining content discovery through AI
	RedNote	Unique integration of social media, community-driven content and e-commerce
	Spotify	Personalised audio ecosystems with powerful network effects
Powering emerging markets	Mercado Libre	Driving financial inclusion and e-commerce penetration
	Sea	Broadening access to commerce and digital finance across South-East Asia
Driving financial inclusion	Nu	Accessible digital banking expanding credit across Latin America
	Revolut	Offering low-cost banking services to underserved customers globally

Source: SMT, Edison Investment Research

The portfolio

To illustrate the managers' long-term investment approach, at the end of H126 (September 2025), c 63% of the portfolio value was in companies that had been held for more than five years, with c 16% held between two and five years and just c 21% in relatively new holdings of less than two years. Where the managers have high conviction about their differentiated view on a stock, the holding period is likely to be much longer than five years. Holding sizes are determined by a stock's potential upside rather than market capitalisation.

In the 12 months to 28 February 2026, the trust's allocation to private companies increased by 12.0pp to 37.3% (versus a limit of 30% at the time of investment), with the number of private company investments increasing by two to 53. The listed company weighting declined by 11.9pp but remained the dominant segment of the portfolio at around 63%.

Exhibit 5: Portfolio summary

(% unless stated)	28 February 2026	28 February 2025	Change (pp)	Cos - end Feb 2026	Cos - end Feb 2025	Change
Public companies	62.5	74.4	(11.9)	48	44	4
Private companies	37.3	25.3	12.0	53	51	2
Net liquid assets	0.2	0.4	(0.2)			
Top 30 holdings	79.1	79.5	(0.4)			

Source: SMT, Edison Investment Research. Note: Numbers subject to rounding.

At the end of February 2026, SMT's top 10 positions made up 49.5% of the portfolio, which was a 6.4pp higher concentration compared with 43.1% 12 months earlier, but less than the +8.2pp effect of the SpaceX revaluation in December 2025. Seven holdings were common to both periods.

Exhibit 6: Top 10 holdings at 28 February 2026

Company	Status	Country of origin	Industry	28-Feb-26	28-Feb-25
SpaceX	Private	US	Designs, manufactures and launches rockets and spacecraft	15.4	7.2
TSMC	Listed	Taiwan	Semiconductor manufacturing and design	6.6	3.7
ByteDance	Private	China	Social media	4.1	N/A
Mercado Libre	Listed	Uruguay	Latin American ecommerce platform (Brazil is the largest market)	4.0	6.0
Stripe	Private	US	Global payment processing platform	3.9	N/A
ASML	Listed	Netherlands	Lithography solutions for advanced semiconductor equipment	3.6	2.8
Amazon.com	Listed	US	Online retailer and cloud computing	3.6	5.8
NVIDIA	Listed	US	Design and manufacture of advanced semiconductors	3.2	N/A
Meta Platforms	Listed	US	Social media	3.0	5.0
Ferrari	Listed	Italy	Luxury automobiles	2.1	2.9
Top 10 (% of holdings)				**49.5**	**43.1**

Source: SMT, Edison Investment Research. Note: N/A is not in end February 2025 top 10. Numbers subject to rounding.

The following companies are among SMT's largest holdings.

Amazon.com businesses include online retailing, an e-commerce platform, cloud computing, a film studio and a logistics business (SMT first invested in 2005). The company has essentially built infrastructure for large parts of the economy, which provides a high barrier to entry. Amazon has benefited from its customer-centric culture and focus on long-term value creation rather than short-term profitability. The company's long-term growth potential could be underestimated as many of its businesses remain early stage. Founder Jeff Bezos's long-term approach continues under his successor as president and CEO Andy Jassy.

ByteDance is a global technology company that makes it easier and more fun to create and consume content (SMT first invested in 2019). Its products include short-form video platform TikTok, and the company has expanded into news aggregation, gaming and education. ByteDance's competitive advantage is using AI to change how content is distributed. Its algorithm learns the types of things a user enjoys watching and automatically personalises their feed, which significantly increases engagement. Unlike other social media platforms, ByteDance has been successful within China and internationally, which mitigates geopolitical risk. It monetises its applications via precision advertising. Founder Yiming Zhang has developed a forward-thinking entrepreneurial culture that does not dwell on past achievements.

Mercado Libre hosts the largest e-commerce and payments ecosystem in Latin America (SMT first invested in 2020). The company is working to improve the relatively low e-commerce penetration in the region via a reliable digital commerce platform, improved logistics and affordable finance, including to previously unbanked customers. Mercado Libre is founder-run by founder and CEO Marcos Galperin, who has developed a corporate culture whereby long-term investment is prioritised over short-term profitability.

SpaceX was founded by Elon Musk in 2002 (SMT first invested in 2018). It designs, manufactures and launches advanced reusable rockets and spacecraft. Via innovation and vertical integration, the company has developed a series of cost and capability improvements that are transforming the space industry with reusability, which is a key competitive advantage. SpaceX is also expanding Starlink, a satellite constellation for global internet connection, which is rebuilding the internet in outer space. Starlink is disrupting the telecoms/internet sectors and has grown by serving a wide range of customers including aviation and maritime subscribers and other users in remote areas. Musk's leadership is complemented by Gwynne Shotwell, who balances Musk's ideas with practicality, ensuring that SpaceX stays on its ambitious path.

TSMC (Taiwan Semiconductor Manufacturing Company, which is widely referred to by its initials) is the world's largest dedicated independent semiconductor foundry (SMT first invested in 2024). The company manufactures the chips that are essential for technological advancement. TSMC is at the forefront of growth in AI and EVs among other developing areas and is deeply integrated into the R&D programmes of its major customers, including Apple and NVIDIA. The company's unique foundry model ensures it does not compete with its customers, while former chair Mark Liu's strategic vision and leadership have been instrumental in the company's industry dominance.

Exhibit 7: Geographic exposure

(% unless stated)	28 February 2026	28 February 2025	Change (pp)
North America	57.1	55.1	2.0
Asia	21.8	18.8	3.0
Europe	15.3	18.3	(3.0)
South America	5.4	6.6	(1.2)
Africa & Middle East	0.2	0.8	(0.6)
Net liquid assets	0.2	0.4	(0.2)

Source: SMT, Edison Investment Research. Note: Numbers subject to rounding.

At the end of February 2026, North America made up the greatest share of the portfolio (57.1%), which was 2.0pp higher year-on-year. There was a 3.0pp higher weighting to Asia, offset by a 3.0pp reduction in European exposure.

Exhibit 8: Portfolio characteristics at end December 2025

	SMT	Benchmark	Difference
Historical growth			
Five-year sales growth (% pa)	24.7	6.6	18.1pp
Five-year earnings growth (% pa)	27.5	11.9	15.6pp
Capex and R&D to sales (x)	24.2	11.2	13.0x
Forward growth			
Three-year forward sales growth (% pa)	14.8	4.6	10.2pp
Three-year forward earnings growth (% pa)	18.2	10.5	7.7pp
Valuation			
EV to EBITDA (x)	23.3	14.4	8.9x
Price to sales (x)	5.3	2.5	2.8x
One year forward price to earnings (x)*	28.3	18.5	9.8x
Resilience			
Net debt to equity (x)	(0.4)	0.5	(0.9)x

Source: SMT, Edison Investment Research. Note: *Excludes negative earnings. Net debt to equity excludes financials.

A snapshot analysis of SMT versus its benchmark at the end of December 2025 shows that it had superior historical and estimated growth in both sales and earnings, which understandably came at higher valuation multiples. However, the trust's portfolio was more resilient with less debt to equity than the benchmark.

Portfolio activity: New holdings include leading AI developer Anthropic

Despite SMT's long-term focus, the portfolio is actively managed to take advantage of prevailing opportunities. As an example, looking at transactions undertaken in H126, there were five new holdings (three listed and two private companies) and two complete disposals. Alongside these, there were five additions to existing holdings, 17 reductions in the size of portfolio companies and 10 investments in private company follow-on rounds.

The new holdings are listed below.

- **Anthropic** (private) is at the forefront of AI development with its flagship product Claude, which is a family of large language models. The company differentiates itself by putting AI safety at the heart of its business model, which enables it to recruit and retain the best industry AI engineers. Anthropic is a good fit for SMT being mission-driven and founder-led and as it is working on transformational change.
- **AppLovin** is a leading advertising technology company with a dominant role in mobile gaming, which is a rapidly expanding part of the digital economy. The company helps apps grow, monetise and reach new users. It places ads inside mobile games, promotes them across its network and uses AI to improve targeting.
- **CATL** is the world's leading EV battery maker with a c 40% global market share. The company is well positioned to lead the charge as battery demand soars, driven by EV adoption, energy storage and wider industrial electrification. CATL's edge lies in its unmatched scale, deep vertical integration and relentless innovation.
- **Figma** is a collaborative, cloud-based design platform that creates a single space where designers and developers can visualise and build digital products and experiences. The company has revolutionised this space by pioneering real-time collaborative design on the web, making it the dominant design tool (used by 70% of designers worldwide). Figma is leveraging the growing digitisation of the economy – as more experiences become digital, customers are increasingly demanding robust, yet simple applications.
- **RedNote** (private) is a Chinese social media and e-commerce platform blending user-generated lifestyle content, product reviews and in-app shopping for its 300m users. Its unique model drives both engagement and transactions, making RedNote a leader in China's digital landscape. The company is well positioned to benefit from long-term growth in domestic consumption among China's middle class.

Names exiting the portfolio were Kinnevik (investment company) and Wayfair (online household goods retailer).

Private companies: Investments in six of the largest eight

SMT made its first investment in a private company in 2012 and has good representation in the largest global private businesses. At the end of December 2025 it was invested in six of the eight largest private companies. Between the end of December 2022 and the end of December 2025, private companies made up 23–35% of the portfolio. The majority of SMT's private companies are at the upper end of the maturity curve, meaning the managers generally focus on late-stage private companies that are scaling up and becoming profitable. At 31 December 2025, 73% of the private company exposure was cash generative. Also, more than three-quarters of the total investments in private companies were capitalised at more than $10bn (Exhibit 10).

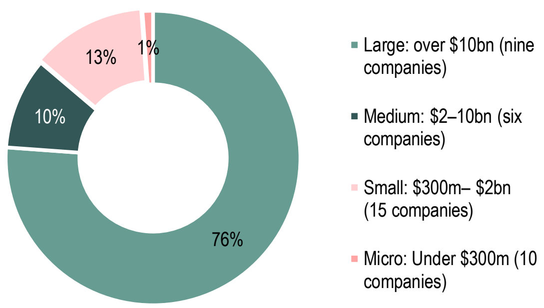
A selection of SMT's public holdings were originally private company investments, including Spotify Technology (IPO in April 2018), Wise (IPO in July 2021), Tempus AI (IPO in June 2024) and Meituan (IPO in September 2018). This illustrates that SMT can access attractive growth companies when they are private, in many cases generating outsized returns ahead of an IPO, and also run winning companies after they have listed. As an example, the initial Spotify investment appreciated by around 4.5x while the company was private, and since listing, its shares have appreciated by a further 1.5x.

Exhibit 9: Private company investments at 31 December 2025

Company	% of total assets
SpaceX	15.1
ByteDance	4.1
Stripe	2.5
Zipline	1.9
Databricks	1.4
Epic Games	0.9
Blockchain.com	0.8
The Production Board	0.7
Revolut	0.7
Ant International	0.6
Other (43)	6.5
	35.2

Source: SMT, Edison Investment Research

Exhibit 10: Capitalisation breakdown of private company investments at 31 December 2025



Source: SMT, Edison Investment Research. Note: Excludes venture funds.

While the valuation of private companies is less transparent than for listed companies, we note that there is a well-structured process for valuing SMT's private holdings. The valuation of SMT's private investments is the responsibility of the board, which reviews and challenges the fair values proposed by the Baillie Gifford Private Companies Valuations Group. This department is independent of the trust's managers and follows industry valuation guidelines and takes advice from S&P Global, which is an independent third party.

Private company valuation techniques are predominantly market-based (multiples, industry valuation benchmarks and available market prices) with appropriate adjustments made, such as taking the performance of the individual private company into account or any milestone payments. Private company investments are valued every three months, or more frequently if the three-monthly cycle does not coincide with a company's financial year-end or half-year date, or if there is an indication of a change in fair value, such as transaction in a company's shares (a trigger event).

Performance: Strong long-term record

SMT is by far the biggest trust in the nine-strong AIC Global sector; more than double the size of its largest peer. The trust has a very strong performance record, with its NAV ranking first over the last one, three and 10 years. SMT's five-year results were negatively affected by growth-style headwinds and valuation compression in a rising interest rate environment, primarily in 2022. The trust is currently the only fund in the sector that is trading at a premium to NAV. SMT has a very competitive ongoing charges ratio of 0.31%, which is the lowest in the sector and around half the sector average; no performance fee is payable. The trust has the highest level of gearing. Unsurprisingly, given its growth bias, SMT has a below-average dividend yield.

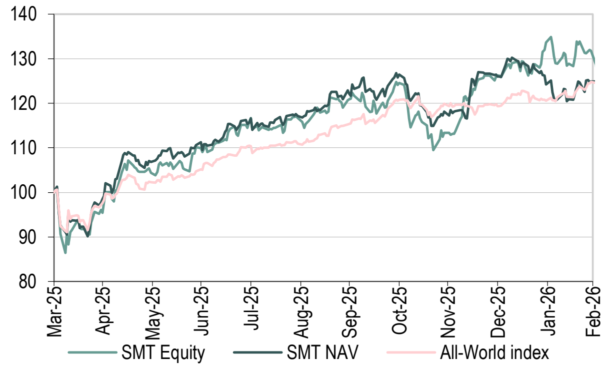
Exhibit 11: AIC Global Sector at 10 April 2026*

% unless stated	Market cap (£m)	NAV TR 1Y	NAV TR 3Y	NAV TR 5Y	NAV TR 10Y	Discount	Ongoing charge	Performance fee	Net gearing	Dividend yield
Scottish Mortgage	14,673.9	35.3	65.2	7.7	408.7	2.4	0.3	No	111	0.3
Alliance Witan	4,726.8	13.9	32.9	38.0	175.2	(4.0)	0.5	No	106	2.3
AVI Global Trust	1,014.5	20.8	38.9	35.4	192.9	(8.3)	0.9	No	100	1.8
Bankers Inv Trust	1,288.5	26.6	37.3	39.3	184.5	(7.1)	0.5	No	105	2.0
Brunner Inv Trust	625.1	26.1	44.2	60.4	204.8	(10.5)	0.6	No	102	1.7
F&C Investment Trust	5,988.2	26.5	54.2	59.6	220.2	(7.5)	0.5	No	107	1.3
Lindsell Train Inv Trust	119.6	(22.7)	(24.1)	(28.1)	112.3	(16.5)	0.8	Yes	100	7.0
Mid Wynd International	207.5	4.0	7.9	5.9	138.2	(1.3)	0.6	No	100	1.2
Monks Inv Trust	2,354.2	26.2	46.9	15.5	229.6	(5.9)	0.4	No	108	0.0
Average (9 trusts)	**3,444.2**	**17.4**	**33.7**	**26.0**	**207.4**	**(6.5)**	**0.6**		**104**	**2.0**
SMT rank	**1**	**1**	**1**	**7**	**1**	**1**	**1**		**1**	**8**

Source: Morningstar, Edison Investment Research. Note: *Performance at 9 April 2026. TR - total return.

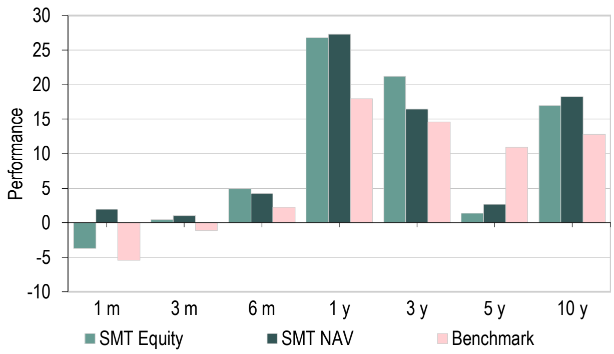
Looking at Morningstar analysis, compared to the peer group average, SMT is underweight (c -4pp) mid-cap stocks with a (c +5pp) overweight in smaller-cap stocks. In keeping with its mandate, the trust has a bias to growth stocks (+36pp versus the average), with an 18pp underweight to both core and value stocks. SMT's portfolio is more tied to the economy compared with the sector averages (+7pp in cyclical, +2pp in economically sensitive and -9pp in defensive sectors). Drilling down to sector exposures, SMT has above-average weightings in consumer cyclical (+20pp) and technology (+14pp) stocks, with below-average allocations to financial services and industrials (both -11pp). SMT has by far the largest emerging market exposure with a 24% weighting versus a 7% sector average.

Exhibit 12: Share price, NAV and benchmark total return performance, one year rebased



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 13: Share price, NAV and benchmark total return performance (%)



Source: LSEG Data & Analytics, Edison Investment Research. Note: Three-, five- and 10-year returns are annualised.

SMT's relative returns are shown in Exhibit 14. The company has a strong long-term track record; however, it went through a particularly difficult period between late 2021 and mid-2022, which has negatively affected the trust's five-year numbers. Part of the reason why SMT's relative performance has not rebounded is likely due to investors having a higher degree of risk aversion in response to adverse geopolitical events. Also, monetary policy was tighter following the global COVID-19 pandemic in response to higher inflation. There has been a widespread focus tilt towards large companies with predictable earnings, while higher interest rates have had a negative impact on the valuation of growth companies, as their future income streams are subject to larger discount rates.

Exhibit 14: Total return performance relative to indices (%)

	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Price relative to All-World index	1.8	1.6	2.5	7.5	18.4	(36.3)	43.7
NAV relative to All-World index	7.8	2.2	2.0	7.9	4.8	(32.2)	60.6
Price relative to World index	1.7	1.1	1.6	6.2	16.2	(38.8)	37.7
NAV relative to World index	7.7	1.7	1.1	6.6	3.0	(34.8)	53.9
Price relative to UK All-share index	3.1	(1.9)	(3.8)	4.3	22.4	(36.8)	108.8
NAV relative to UK All-share index	9.2	(1.4)	(4.3)	4.7	8.4	(32.7)	133.3

Source: LSEG Data & Analytics, Edison Investment Research. Note: Data at end March 2026. Geometric returns.

Exhibit 15: Five-year discrete returns (%)

12 months ending	Share price	NAV	All-World index	World index	UK All-share index
31/03/22	(9.5)	(12.2)	12.7	14.9	13.0
31/03/23	(33.5)	(17.7)	(0.9)	(0.7)	2.9
31/03/24	32.5	11.4	21.0	22.5	8.4
31/03/25	6.0	11.3	5.5	4.8	10.5
31/03/26	26.8	27.3	18.0	19.4	21.5

Source: LSEG Data & Analytics, Edison Investment Research. Note: All percentages are total return in pounds sterling.

In Exhibit 16, we show performance attribution at 31 December 2025 at the individual stock level over the last one, three, five and 10 years. The standout winner over the last decade has been Tesla, along with Amazon.com, which the managers believe has businesses that are early in their life cycle, suggesting that Amazon's growth prospects remain bright despite its strong past performance.

Exhibit 16: Performance attribution at 31 December 2025

Top 1Y	Absolute (%)	Bottom 1Y	Absolute (%)	Top 3Y	Absolute (%)	Bottom 3Y	Absolute (%)
SpaceX	9.6	Brandtech	(2.0)	NVIDIA	18.9	Moderna	(14.4)
Tempus AI	1.9	Meituan	(1.5)	SpaceX	15.8	Northvolt	(5.7)
TSMC	1.8	Moderna	(0.9)	Tesla	8.3	Brandtech	(2.8)

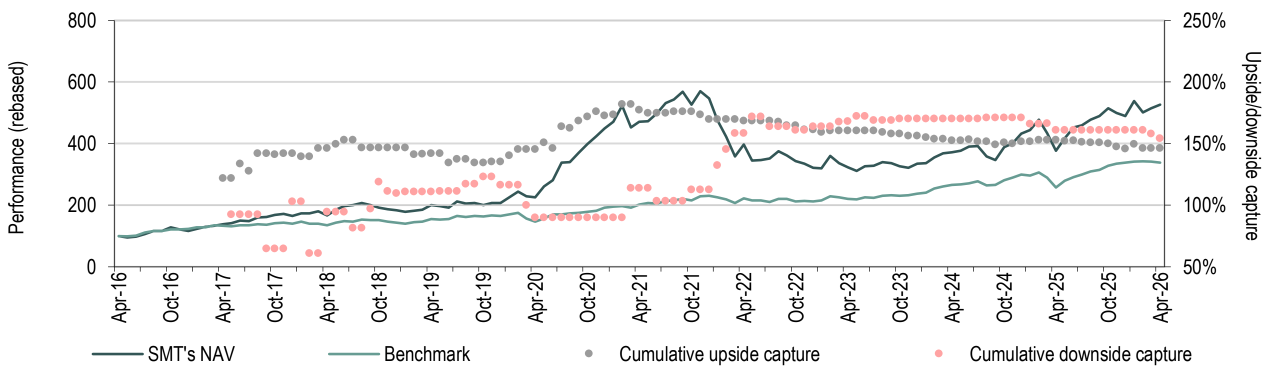
Top 5Y	Absolute (%)	Bottom 5Y	Absolute (%)	Top 10Y	Absolute (%)	Bottom 10Y	Absolute (%)
NVIDIA	18.8	Moderna	(9.6)	Tesla	61.5	Moderna	(10.1)
SpaceX	18.2	NIO	(5.5)	Amazon.com	58.1	Northvolt	(4.8)
ASML	6.9	Illumina	(5.2)	Tencent	27.1	Uptake Technologies	(2.0)

Source: SMT, Edison Investment Research

Upside/downside capture analysis over the last 10 years

Exhibit 17 shows SMT's upside/downside capture analysis over the last decade. The nature of its investments, including its private companies, suggests that SMT has a high beta portfolio. This is borne out by the data. With an upside capture rate of 146%, SMT is likely to outperform a rising market by around 46%. Its downside capture rate of 154% is even higher, suggesting that in falling markets, the trust could underperform by around 54%.

Exhibit 17: Upside/downside capture analysis



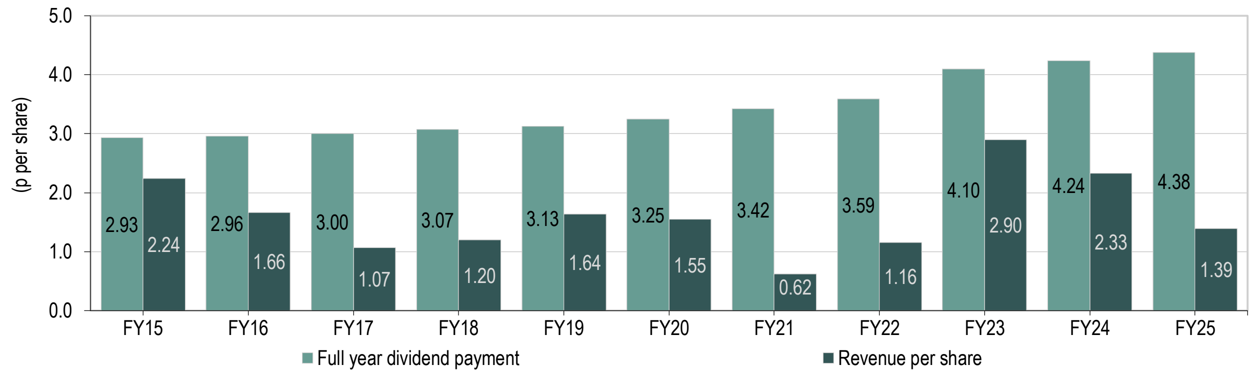
Source: LSEG Data & Analytics, Edison Investment Research
Cumulative upside (downside) capture calculated as the geometric average NAV total return (TR) of the fund during months with positive (negative) benchmark total returns, divided by the geometric average benchmark total return during these months. A 100% upside (downside) indicates that the fund's TR was in line with the benchmark's during months with positive (negative) returns.

Dividends: Progressive policy

The board employs a progressive dividend policy to satisfy its objective of both capital and income growth; albeit dividends are likely to make up a small part of capital return as growth companies tend to reinvest for the future rather than return cash to shareholders. Dividend growth is accelerating as it compounded at an annual rate of 6.2% over the last five years compared with 4.1% over the last decade. Distributions are made from income, available revenue reserves and distributable capital gains, which are mainly realised investment gains (provided the board considers that their use is justified).

SMT has had 43 years of consecutive annual dividend increases. This places it 12th out of 20 funds that have earned a place on the AIC's list of dividend heroes (funds with at least a 20-year unbroken record of higher annual distributions).

Exhibit 18: Dividend and revenue history

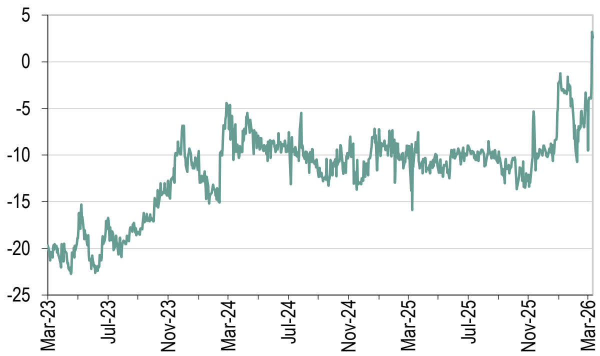


Source: SMT, Edison Investment Research

Discount: Scope for a continued premium rating

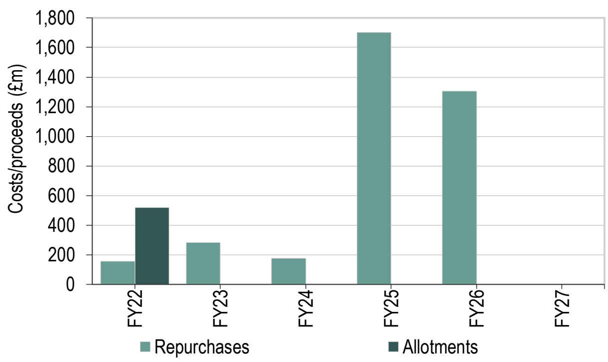
SMT's current 2.6% share price premium to cum-income NAV compares to the three-year range of a 3.2% premium to a 22.7% discount. The trust traded at average discounts of 9.3%, 11.7%, 9.2% and 4.0% over the last one, three, five and 10 years respectively. As shown in Exhibit 19, SMT's shares have rerated from a 9.0% discount since the end of 2025, and may continue to trade at a premium. Prior to Q222, the trust regularly traded at a small premium, which likely reflected robust demand for its shares given SMT's exposure to high-growth companies, both public and private, and its strong long-term absolute and relative performance record.

Exhibit 19: Discount, last three years (%)



Source: LSEG Data and Analytics, Edison Investment Research

Exhibit 20: Capital changes - buybacks and issuance



Source: Morningstar, Edison Investment Research

Subject to shareholder approval, the board may buy back up to 14.99% (at a discount) and allocate up to 10% (at a premium) of shares in issue. The board understands it is in shareholders' long-term interests to manage SMT's discount/ premium volatility. While over the long term the primary discount driver is performance, in the shorter term, an imbalance of buyers and sellers in the market can have an influence on how the trust is valued. There is no formal discount/ premium policy, but the board will act when there is a significant supply/demand imbalance. On 15 March 2024, the board committed to at least £1bn for share repurchases over the following two years, but this level has been exceeded by a wide margin. During FY25, c 184.8m shares (c 13.3% of the share base) were bought back at a cost of c £1.7bn and in FY26, the share base was reduced by a further c 10.2% at a cost of c £1.3bn.

Gearing

Gearing is used to enhance the trust's long-term returns. A maximum of 30% of total assets is permitted using debt instruments with different durations that can be denominated in foreign currencies as well as sterling. At the end of FY25, SMT's average cost of debt was 3.1%, which was a modest reduction versus 3.2% at the end of FY24.

At the end of FY25, SMT had the following borrowing facilities: a two-year $100m revolving loan facility (RLF) with National Australia Bank that expires on 16 December 2026; a three-year $170m RLF with The Royal Bank of Scotland International that expires on 8 January 2027; a five-year $25m RLF with The Royal Bank of Scotland International that expires on 27 August 2026; and a one-year $75m RLF with Industrial and Commercial Bank of China that expired on 11 March 2026.

There are two debentures in issue, both of which are listed and quoted on the London Stock Exchange: a £50m 6–12% stepped interest debenture stock 2026 and a £675k 4.50% irredeemable debenture stock.

SMT has a range of unsecured loan notes in sterling, euros and US dollars at rates between 1.77% and 3.65% and maturities between 2036 and 2062.

The trust also has two long-term bank loans: a $180m 2.60% fixed-rate loan 2026 with The Royal Bank of Scotland International and a $300m 2.23% fixed-rate loan 2026 with ScotiaBank.

Fees and charges

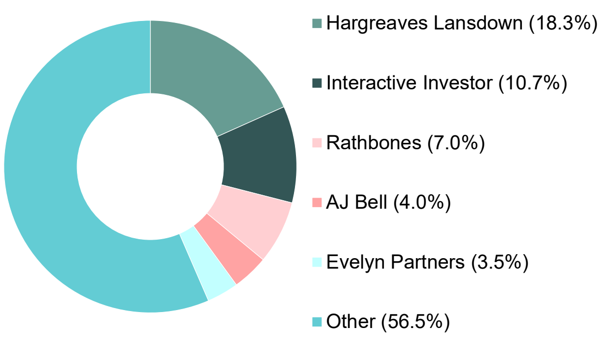
SMT's board is keen to keep costs low to allow shareholders to keep as much of the total returns as possible, which is particularly important when returns are compounded over the long term. The annual management fee is 0.30% up to £4bn of total assets less current liabilities (excluding short-term borrowing for investment purposes) and 0.25% on remaining assets. It is charged to capital as this is the primary source of long-term shareholder returns.

The FY25 ongoing charges ratio was 0.31%, which was 4bp lower than 0.35% in FY24 and a meaningful 17bp reduction versus a decade ago. No performance fee is payable. The board considers that SMT's ongoing charges are very attractive given the trust provides exposure to both public and private companies at a lower cost than both listed equity and private equity funds.

Capital structure

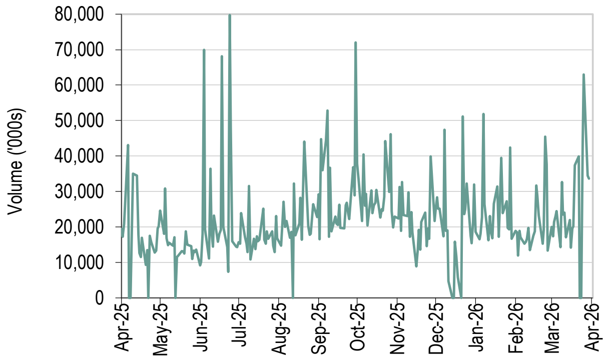
SMT is a conventional investment trust with one class of stock. There are currently 1,078.2m ordinary shares in issue with a further 406.6m shares held in treasury. At the end of FY25, the shareholder base was broken down as follows: intermediaries (which includes wealth managers and execution-only platforms) 77.3% (74.0% at end FY24); institutions 16.1% (16.3%); market makers 3.8% (6.6%); and individuals 2.8% (3.1%).

Exhibit 21: Main shareholders at 6 April 2026



Source: Bloomberg, Edison Investment Research

Exhibit 22: Daily trading volume, last 12 months



Source: LSEG Data & Analytics, Edison Investment Research

SMT's average daily trading volume over the last 12 months was 23.2m shares.

The board

Christopher Samuel is an experienced chair and non-executive director with a background in financial services. He was formerly the CEO of Ignis Asset Management and has held board-level executive positions at several asset management companies, including Gartmore, Hill Samuel Asset Management and Cambridge Place Investment Management. Samuel is a non-executive director of Quilter, having previously been chair of Quilter Financial Planning.

Professor Patrick Maxwell is the Regius Professor of Physic and head of the School of Clinical Medicine at Cambridge University. He has extensive biotechnology experience and was elected a fellow of the Academy of Medical Sciences in 2005. Maxwell is currently a member of the boards of Cambridge University Health Partners, Cambridge University Hospitals NHS Foundation Trust, Cambridge Enterprise and the International Biotechnology Trust.

Mark FitzPatrick is CEO at St James's Place, where he is responsible for setting the strategic direction and vision for growth. Prior to this he held senior roles at Prudential and Deloitte. FitzPatrick is currently on the board of the British Heart Foundation, where he chairs the audit and risk committees.

Sharon Flood is a non-executive director of Getlink, where she is the safety and security chair, and Cityfibre, where she is the audit chair. She is also a non-executive director at Go-Ahead Group, where she is audit chair, and Govia Thameslink Railway. Flood is currently a trustee of the University of Cambridge.

Vikram Kumaraswamy is the head of strategy and corporate development at Unilever. He leads portfolio development and capital allocation for the Unilever group, with responsibility for strategy, M&A sourcing and execution, competitor intelligence and corporate venturing, having previously been CFO of Unilever Indonesia, based in Jakarta.

Stephanie Leung is the co-founder and CEO of KareHero Group, a social mission-driven enterprise that helps working adults balance their careers while caring for elderly relatives. She has around 25 years of executive leadership experience in large enterprise and tech-led businesses across the globe.

Exhibit 23: SMT's board of directors

Board member	Year of appointment	Remuneration in FY25 (£)	Shareholding at end FY25
Christopher Samuel (chair since July 2025)	2025	12,500	25,578
Patrick Maxwell	2016	50,000	75,594
Mark FitzPatrick	2021	62,500	10,000
Sharon Flood	2023	50,000	9,601
Vikram Kumaraswamy	2023	50,000	4,075
Stephanie Leung	2023	50,000	Nil

Source: SMT

Maxwell is due to retire at the July 2026 AGM. On 19 November 2025, the board announced the appointment of Heather Manners as an independent non-executive director, with effect from 1 January 2026 and subject to shareholder approval at the 2026 AGM. She has around 35 years of Asian investment experience, spending the last 15 years as the co-founder, CEO and CIO of Prusik Investment Management. Manners is chair of Fidelity Emerging Markets, and a non-executive director of Montanaro Asset Management and Collidr Asset Management.

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