

RNS Announcement

Edinburgh Worldwide Investment Trust plc

Legal Entity Identifier: 213800JUA8RKIDDLH380

Results for the year to 31 October 2024 and Board Update

The following is the Results Announcement for the year to 31 October 2024 and Board Update which was approved by the Board on 17 January 2025.

- Over the year to 31 October 2024, the Company's net asset value ('NAV') per share increased by 12.8% and the share price by 26.1%. The comparative index, the S&P Global Small Cap Index total return, increased by 21.6% in sterling terms.
- Among the top contributors to performance over the year were: Alnylam Pharmaceuticals, a drug developer focused on harnessing gene silencing technology; and AeroVironment, a defence contractor headquartered in the USA, that designs and manufactures unmanned aerial vehicles.
- Over the course of the financial year, the Company bought back 14,667,733 shares for treasury, representing approximately 4% of the Company's issued share capital at 31 October 2023.
- Invested equity gearing stood at +11% of shareholders' funds at the financial year end (2023 – 14%).
- As at the year end, the Company held fourteen private companies accounting for 25.3% of total assets (2023 – 26.2% of total assets in fourteen companies). No new private company investments were made during the year.
- The Board maintains its conviction that the Company's proposition is unique, compelling and relevant, offering investors access to potentially outsized returns from emerging companies operating at frontiers of scientific, technological and process innovation.

The Board is pleased to announce the appointment of Gregory Eckersley as an independent Non-executive Director of the Company, with effect from 15 February 2025.

Gregory is an experienced equity investor with a professional executive career in a mix of leadership and asset management roles. Having begun his investment career at Cigna International Investment Limited, he gained international experience at Draycott Partners, Alliance Capital and AllianceBernstein, managing and overseeing teams investing in emerging market and global portfolios and, until 2019, was the Global Head of Internal Equities at the Abu Dhabi Investment Authority. Gregory is a non-executive director of Murray International Trust PLC.

Jonathan Simpson-Dent, Chair of Edinburgh Worldwide Investment Trust commented:

"I am delighted to welcome Gregory Eckersley to the Board. With experience in equity investment and portfolio management, including leadership roles at AllianceBernstein and the Abu Dhabi Investment Authority, Gregory brings a wealth of expertise and will add valuable insight to the Board. At the same time, I would like to thank Helen James for her exceptional service and contribution as she retires from the Board as planned following the AGM."

As at 17 January 2025, Gregory Eckersley held a beneficial interest in 30,000 shares in Edinburgh Worldwide Investment Trust plc (and had a non-beneficial interest in 15,000 shares).

There is no other information required to be disclosed under Listing Rule 6.4.8.

* Source: LSEG and relevant underlying index providers. See disclaimer at the end of this announcement.

For a definition of terms see Glossary of Terms and Alternative Performance Measures at the end of this announcement. Past performance is not a guide to future performance.

Baillie Gifford & Co Limited
17 January 2025

The value of an investment and any income from it is not guaranteed and may go down as well as up and investors may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stock markets in which the Company invests and by the supply and demand for the Company's shares. Investment in investment trusts should be regarded as medium to long-term. You can find up to date performance information about Edinburgh Worldwide on the Edinburgh Worldwide page of the Managers' website at edinburghworldwide.co.uk

‡ *Neither the contents of the Managers' website nor the contents of any website accessible from hyperlinks on the Managers' website (or any other website) is incorporated into, or forms part of, this announcement.*

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Chair's statement

I was appointed Chair of Edinburgh Worldwide in March 2024, convinced that our proposition is unique, compelling and relevant. We offer shareholders a unique portfolio of publicly traded and private businesses operating at frontiers of technological innovation and transformation. The Company is a global smaller companies specialist aiming to generate long-term capital appreciation by early access to emerging businesses with significant disruptive growth potential.

When I took on the role, I knew that our performance over recent years had not met the rightfully high expectations of both our investors and the Board. We therefore undertook a detailed review of our approach and processes over my first 6 months in role, together with our Manager, Baillie Gifford, and with added scrutiny from independent external specialists. The conclusion of this work was announced on 20 November 2024 with a comprehensive action plan to reset the Company on a path for growth.

Since then, Edinburgh Worldwide has come under attack from a US hedge fund, Saba Capital, looking to remove the Board and appoint itself as Manager with an entirely different approach and mandate. Whilst this attack was launched after this Annual Report's year end, I refer to it in this report due to the implications and threat it poses.

Review of the year

This year has seen the long-awaited start of Edinburgh Worldwide's recovery. I am encouraged that our share price rose by 26.1% in the 12 months to 31 October 2024, with the Company's net asset value ("NAV") per share growing 12.8% and the discount narrowing from 17.4% to 7.6% over the period. The comparative index, the S&P Global Small Cap Index[†], also rose strongly registering a gain of 21.6% in sterling terms during this period.

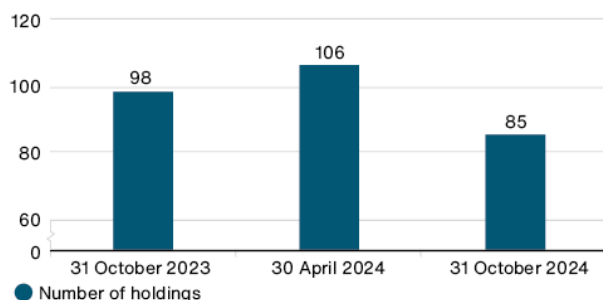
This upward momentum has continued and accelerated through to the end of the calendar year with a further 23.6% increase in our share price and 13.3% in our NAV between 31 October and 31 December 2024, when the S&P Global Small Cap Index rose by 2.5%.

Total return* performance

	Six months to 30 April 2024	Six months to 31 October 2024	Year to 31 October 2024	Two months to 31 December 2024
Share price	+13.6%	+11.0%	+26.1%	+23.6%
NAV	+6.4%	+6.0%	+12.8%	+13.3%
S&P Global Small Cap Index^{†‡}	+15.0%	+5.8%	+21.6%	+2.5%

As part of our comprehensive review that was announced by the Company on 20 November 2024, our Manager has moved rapidly to rebalance the portfolio in line with our announcement. Some of these actions, that were not subject to shareholder approval at the general meeting held on 18 December 2024, can already be seen in the portfolio at 31 October 2024, with fewer holdings, more sectoral diversity and greater financial resilience across the portfolio.

Number of holdings



Key Sector mix

	31 October 2023 %	31 October 2024 %	Change
Healthcare	36.2	29.9	↓
Industrials	24.7	27.8	↑
Information technology	24.5	27.0	↑
Consumer discretionary	4.3	4.6	↑
Financials	3.3	3.8	↑
Communication services	3.8	3.3	↓
Materials	0.8	0.7	↓
Net liquid assets	2.4	2.9	↑

EWIT Portfolio by Financial Resiliency Cohort

	31 October 2023 %	31 October 2024 %	Change
Fledgling: companies that are not yet delivering positive gross profit	4.1	3.1	↓
Initial Commercialisation: companies delivering gross profit	25.1	16.0	↓
De-Risking: companies delivering Free Cash Flow (FCF) margin between -20% and 0%	30.8	16.2	↓
Execution: companies delivering positive FCF	15.3	26.8	↑
Proven Return: companies delivering positive FCF and Earnings Per Share (EPS)	24.6	37.9	↑

We continue to invest in unlisted businesses, which represented 25.3% of total assets as at 31 October 2024, and include a number of our most exciting investments. Some of the most disruptive and transformative companies are not listed on public markets and we believe that the Company's Manager has a genuine edge in identifying and sourcing opportunities that have yet to come to the attention of a wider universe of investors, particularly those focused on public companies.

Resetting a path for growth

In addition to rebalancing the portfolio, changes have been made to enhance team composition and structure with Luke Ward and Svetlana Viteva, who have been responsible for sourcing some of our most exciting investments, becoming co-managers alongside Douglas Brodie. They will be fully supported by the full range of expertise across the wider Baillie Gifford team with additional systems and controls to tighten execution, decision making and discipline.

Other measures that we announced in November 2024 were approved by shareholders at a General Meeting on 18 December 2024. This included several changes to the Company's investment policy including: (i) raising the market capitalisation limit at the point of initial investment in an investee company from \$5bn, set a decade ago, to realign to the largest constituent of the Company's comparative index, the S&P Global Small Cap Index; and (ii) reducing the target range of companies in the portfolio to 60-100 companies. These changes widen the Manager's access to a bigger pool of exciting businesses and increase focus and oversight on a smaller number of investments. The Board is keen to emphasise that it remains committed to small, innovative companies and the changes to the investment policy allow it to ensure it has access to the appropriate investment universe.

Unlisted investments

As at the Company's year end, the portfolio weighting in private companies stood at 25.3% of total assets, invested in fourteen private companies including SpaceX and PsiQuantum (2023: 26.2% of total assets in fourteen companies). The Company currently has shareholder authority to make investments into unlisted investments of up to 25% of total assets, measured at the time of investment. When above this figure, the investments can continue to be held, but new positions or additions cannot be made. It should be noted that the unlisted weighting increased to 27.1% of the portfolio by 31 December 2024 following upward valuations in several investments. No new private company investments were made during the year.

Share buybacks

During the period, the Company bought 14,667,733 shares to be held in treasury at a total cost of £21.82 million. This represents 3.79% of the Company's issued share capital as at 31 October 2023.

The Board will continue to operate its share buy-back programme under its available authorities. While being mindful of the interests of longer-term ongoing shareholders as well as market liquidity and sentiment, the Company may make purchases under this programme at a discount to NAV for shareholders seeking enhanced liquidity. Whilst not determining or prohibiting factors, the Board is also mindful of and continuously monitors the level of private company exposure and invested gearing.

As announced in November 2024 as part of its strategic resetting plan, subject to Court approval, the Board will also consider options for a significant capital return programme of up to £130m.

Borrowings

The Company has a five-year £100 million multi-currency revolving credit facility with The Royal Bank of Scotland International which expires in June 2026. In addition, a two-year £36 million multi-currency revolving credit facility which expires in October 2026 was entered into with The Bank of New York Mellon in September 2024 to replace the previous facility with National Bank of Australia. The extent and range of equity gearing is discussed by the Board and Managers at each Board meeting. Both parties agree that the Company should typically be geared to equities to maximise potential returns, with the current aspirational parameters set at +5% to +15% of shareholders' funds. The invested equity gearing stood at +11% of shareholders' funds at the financial year end (2023: +14%).

Earnings and dividend

The Company's objective is to achieve long term capital growth. This year the net revenue return per share was negative 0.70p per share (2023 – negative 0.65p per share) and therefore no final dividend is being recommended by the Board. Should the level of underlying income increase in future years, the

Board will seek to distribute to shareholders the minimum permissible to maintain investment trust status by way of a final dividend.

Board composition

It has been a busy and challenging time for investment trusts in general and for Edinburgh Worldwide. I want to express my gratitude to my fellow Board members for their support over the past year, a period requiring diligence, deep scrutiny, issue resolution and implementation. I commend each individual Board member for their challenge, guidance and commitment to arrive at important decisions for our shareholders.

Thanks also to my predecessor Henry Strutt, who steered the Board up until the last AGM with tact and expertise. My thanks too, to Helen James who served as the Company's Senior Independent Director until the last AGM and will not be standing for re-election to the Board in 2025. Helen has been an outstanding colleague and partner in my first year as Chair. Jane McCracken, appointed Senior Independent Director at the last AGM, is already proving to be a worthy successor with her extensive experience as an entrepreneur, advisor and investor in venture capital backed high growth technology and healthcare businesses in the UK and US.

The Board's effectiveness and skills were independently reviewed during the year, confirming the strength and relevance of experiences across the Director group. In particular, the assessment highlighted the extensive and relevant careers of 3 Directors in global smaller company and private company investing. We are also nearing the conclusion of a process to hire a director with an equity investment background and knowledge of emerging market and global portfolios.

All Directors are subject to annual re-election at the AGM. Biographies of each of the Directors can be found on pages 57 to 59 of the Annual Report and Financial Statements.

Looking forward: Protecting your investment

The Board believes that our fundamental reason for being is as valid now as ever and we remain convinced that our proposition is unique, compelling and relevant. As we embark on the current financial year, we are starting with a better and more balanced portfolio, a top 10 underpinned by transformative businesses that include SpaceX, PsiQuantum, Alnylam, Axon and Aerovironment.

With Luke Ward and Svetlana Viteva becoming co-managers alongside Douglas Brodie, we are confident that we have the right team and approach to achieve the Company's objective and deliver for shareholders. Our comprehensive review of performance of the previous years has generated an action plan that can reset the Company on a path for growth. Shareholders' recent approval for the new Investment Policy and the reduction of the Company's share premium account, subject to Court approval, will provide headroom for further returns to shareholders in future.

Looking forward: Protecting the Company

As declared in its requisition notice on 3 January 2025, US hedge fund Saba Capital would like to remove Edinburgh Worldwide's independent Board, replace Baillie Gifford with themselves and take the Company down an entirely different path.

I strongly encourage readers to study this Annual Report in conjunction with a Circular that will be published at the same time, in which I raise concerns about Saba's intentions and the implications for shareholders. Shareholders should use their voices and their votes.

Shareholder Meetings

The Requisitioned General Meeting will be held in person at Baillie Gifford's offices in Edinburgh at 11.45am on 14 February 2025. This will be immediately followed by the Company's Annual General Meeting ('AGM') at 12 noon. The Board looks forward to seeing as many of those of you as possible who are able to attend either in person or watch by remote video link.

Further information, including the proposed resolutions and information on the deadlines for submitting votes by proxy should you not be able to attend, can be found in the Circular on the

Managers' website at edinburghworldwide.co.uk or by scanning the QR code on page 09 of the Annual Report and Financial Statements.

Shareholders who hold shares in their own name on the main register will be provided with Forms of Proxy, one for the Requisitioned General Meeting and another for the AGM.

All Shareholders are encouraged to:

- **VOTE AGAINST** all the Saba Resolutions to be proposed at the Requisitioned General Meeting.
- **VOTE IN FAVOUR** of all the AGM Resolutions to be proposed at the AGM.

Investors who hold their shares through an investment platform provider or nominee are encouraged to contact their investment platform provider or nominee as soon as possible to arrange for their votes to be lodged on their behalf.

Jonathan Simpson-Dent
Chair
17 January 2025

*Alternative Performance Measure – see Glossary of terms and Alternative Performance Measures at the end of this announcement.

†Total return in sterling terms.

‡Source: LSEG/Baillie Gifford and relevant underlying index providers. See disclaimer at the end of this announcement.

For a definition of terms see Glossary of terms and Alternative Performance Measures at the end of this announcement

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Managers' review

A look back at the last 12 months:

After several years of macroeconomic headwinds, the background for smaller companies growth investing in 2024 improved materially. With inflation abating across many geographies while growth and employment remained resilient, many central banks moved to ease their monetary policies and began to cut interest rates. This includes the US Federal Reserve, which cut its interest rates for the first time since the Covid pandemic. Investors began to broaden their risk appetite beyond the handful of mega-caps, which had dominated market performance and capital inflows until then. While this macroeconomic backdrop is more favourable to our investing style, we are acutely aware of the many uncertainties that can derail markets.

Geopolitical tensions exist in many parts of the world, notably in the Middle East and between Russia and Ukraine. National security and economic protectionism remain key considerations. Efforts to revitalise domestic manufacturing and to lessen the reliance on China have resulted in a new wave of tariffs and sanctions on Chinese exports, ranging from critical metals to electric vehicles to advanced technologies like AI. China's response has been to restrict the export of materials and technologies where it dominates the supply chain. Politically motivated economic policies are not new but have become a prominent feature of this age and add a new dimension of uncertainty and complexity to the operations of many global companies.

Foreign policy and the fragility of the global order continue to be the topic of debate after a wave of elections across many key geographies, most notably the presidential election in the US. The US market's response so far has been strong on expectations that the incoming administration's policies will be pro-growth, including deregulation and a reduced corporate tax environment. However, the future of the US global alliances remains very much in question and could have profound implications for the global balance of power.

While this can present risks, it could also unlock new opportunities for investors. We are not trying to second-guess tomorrow's political or economic landscape and repositioning the portfolio in response. This is not our skill set. We are highly confident, however, that future progress will be driven by technologies like quantum computing, robotics, automation, and new materials engineering, amongst

others. That excites us, and that is why we focus our efforts on finding those companies that are driving or enabling progress and have the potential to deliver a substantial return regardless of the macroeconomic cycle.

Process Update and Portfolio Alignment

After three years of testing shareholders' patience with returns that haven't been good enough, in the second half of 2024, we recognised the necessity to thoroughly review the 'why' and 'how' of what we do. While our approach placed us firmly in the crosshairs of recent macroeconomic headwinds, the scale of underperformance hinted at systematic errors that we were keen to understand better and remedy. We are grateful for the wholehearted support and valuable collaboration with the Board while undertaking this important work.

We'd stress that the 'why' remains immovable. EWIT looks to invest in tomorrow's winners while they are still early in their journey. Our philosophy is based on the fundamental belief that problem-solving is an inherent human trait. Over time, technology and science have led to economic prosperity and significant advancements in the human condition. By investing in technology-led innovation, we are backing human ingenuity and progress. We look for growth, entrepreneurial mindset and innovative solutions. And nowhere is this more present than in the small companies universe, a place of potential and possibility. Notably, the review underscored that our approach remains a differentiated means to access this vibrant opportunity set, particularly with the resultant access to unique private businesses.

Yet, the "how" is iterative, with insights building over time. As a management team, we consistently learn, hypothesise, test, and interpret results. As a normal course of action, you should expect us to gradually enhance our processes to achieve better results. As painful as it is, a period like that we've just been in can often be the richest in learning, bringing into stark relief flaws or areas of potential improvement.

Based on lessons from this period, we've made significant enhancements to the investment process, bolstering the investment decision-making structure, addressing the strategy's key risk factor with a new portfolio construction framework, and strengthening diversification guidelines. These adjustments aim to improve our hold discipline and deliver a better spread of exposures within the portfolio regarding both financial maturity and industry.

We're excited that these enhancements will create greater competition for capital within specific pockets of the portfolio. The team will be made to consider the marginal holding in areas of industrial concentration and the earliest stage, most volatile assets, prompting us to delve more deeply into the team's relative conviction levels. In short, these enhancements should create a better, more robust investment process to help us make a higher proportion of value-accretive investment decisions.

By the end of the financial year, we had made good progress implementing these adjustments, moving around 8% of the portfolio towards alignments. This entailed reducing exposure to several of our healthcare and software companies. Simultaneously, we exited several positions where a commercial inflection point remains far into the future, but our conviction in a successful outcome has diminished*. Accordingly, the number of portfolio holdings has come down meaningfully over the last year. We are finishing the period with around 80 holdings and may reduce that further.

It's worth highlighting that idea generation has continued apace. We've sought ideas from a broad range of geographies, sectors, and maturity stages to support the rebalancing. A few examples include:

- **Silergy**, one of China's leading analogue semiconductor companies. The manufacture of analogue chips continues to be an industry dominated by US companies. As the largest, most reputable local player, Silergy is well-placed to benefit from localisation trends.
- US-based **Rx Sight** makes adjustable intra-ocular lenses, allowing doctors to customise patients' vision after cataract surgery, enabling better vision without glasses. Its small market share leaves a runway for growth in the US and internationally.

- Britain's **Raspberry Pi**, the maker of the eponymous low-cost, compact single-board computers and computing modules, should experience substantial growth over the coming year as these get embedded and become the "brains" in IoT factories and Edge AI products.
- **dLocal** is a Uruguayan payment processor that helps global merchants do business in emerging markets. Payments tend to be local in these markets, credit card fraud is rampant, and the regulatory and tax landscape is constantly evolving. Growth should remain strong as the penetration of e-commerce across these markets continues to increase.

We look forward to monitoring these holdings on your behalf in the years ahead.

Portfolio

The theme that captured imaginations and headlines this year was artificial intelligence (AI). So much so that it was honoured with the 2024 Nobel Prizes, with both the Physics and Chemistry prizes awarded for AI-driven work. All eyes remain on the progress of foundational AI models and their ability to reason, and we've started to see AI penetrate different sectors and winners emerge in various guises, permeating well beyond Big Tech. Axon, the maker of Taser devices and body cameras, is a stellar example from the portfolio. Most market participants have been myopic in defining Axon and its addressable opportunity by the technologies it uses. The company's potential is best captured by the problem it looks to solve, which is to modernise law enforcement. AI is just the latest tool at their disposal. They are building a suite of AI products, the flagship of which allows officers to create police reports by using the audio of their body-worn cameras, dramatically reducing the time spent on paperwork. As a near monopoly in hardware products, Axon is well-positioned to upsell the AI-enabled software which feeds off these. This makes the Axon solution stickier and strengthens its competitive moat.

AeroVironment is pioneering AI integration into unmanned aerial systems, applying the technology to enhance its autonomous capabilities for defence and military applications. Through careful application of the technology, empowered by decades of technological expertise and extensive mission datasets, it's developed AI solutions to allow its drones to operate effectively in communications-challenged environments and improve advanced computer vision to deliver precise object detection, classification, and tracking. The business has made phenomenal progress over the last twelve months, with significant order growth, becoming entrenched in US Government defence programmes. However, it's hugely encouraging to see it cement its competitive advantage in this manner.

We're observing a similar situation in healthcare where companies with a pre-existing strong competitive advantage can quickly leverage new technology. Our holding in **Doximity** is a good example. As the leading professional network for medical practitioners, Doximity counts over 80% of all US physicians, over 50% of all US nurses and 90% of all US medical students as its users. It develops various tools for these professionals to allow them to communicate with patients and colleagues easier, streamline their workflows and increase their productivity. The company has quickly rolled out several AI-enabled tools, such as streamlined referral processes and medical letter drafting, transforming doctors' practices allowing them to spend less time on paperwork and more time with their patients. We've highlighted these three, but many holdings have swiftly incorporated AI in their product offerings and successfully monetised these AI-powered solutions.

AI has served as a catalyst for other holdings, accelerating the demand for their products. One example is our long-standing holding in **American Superconductor**. The company makes a superconducting wire which substantially boosts power transmission at a much lower voltage. The properties of the superconducting wire make it uniquely well positioned and relevant for many applications—from voltage management in wind turbines to protection systems for ships in the navy, all the way to enhancing grid efficiency and reliability. Our hypothesis for a long time has been that the grid needs to evolve, and the transmission infrastructure needs to expand to handle the electrification of the economy, distributed generation and the increasing usage of renewable energy. In that regard, power-hungry AI data centres represent only the latest challenge for the energy infrastructure. With no signs of the AI infrastructure buildout slowing down, demand for American Superconductor's grid products, representing most revenues, has been very strong.

The rise in energy demand by AI data centres has been so dramatic that leading technology companies have been pushed to consider nuclear energy as a part of the solution to this growing problem. In recent months, Alphabet, Microsoft, and Amazon announced their intentions to use nuclear energy to power AI by restarting old plants like Three Mile Island and investing in small modular reactors. This pro-nuclear stance only adds to a broader nuclear renaissance driven by environmental and geopolitical considerations. Russia's invasion of Ukraine exposed the over-reliance on Russian-sourced nuclear fuel and put energy security at the top of mind. The US government launched several initiatives to support the buildout of a domestic nuclear fuel supply chain and reduce its considerable reliance on international imports. There is growing pressure to ensure enough capacity for the new generation of smaller advanced nuclear reactors currently being developed. In Australia's **Silex Systems**, we believe we have found a technology that can completely reshape the nuclear fuel supply chain. Silex is pioneering a novel uranium enrichment technology using lasers – an approach that promises to be cheaper than the status quo and practical to deploy at scale. The technology behind uranium enrichment has changed little over the decades. Still, given the structural advantages of a laser-based approach, we expect it to become the leading technology in the industry over time. Silex is completing a full-scale pilot demonstration of its technology by the end of this year and looking to begin constructing its first laser enrichment plant in Kentucky after that. While the team's focus is on uranium enrichment, the technology they have developed has broader implications. They are already exploring opportunities in silicon enrichment for quantum computing and medical isotope enrichment.

While AI currently dominates investor psyches', our philosophy requires us to peer out over the coming decade and consider 'what next'. We strongly suspect that quantum computing will be the next significant unlock for computing. The technology is still being established, but success would be transformational, making the excitement around AI feel quaint. Our large holding in PsiQuantum is at the forefront of this, with strategic primacy on commercial relevance. Over the year, it received two large non-dilutive cash injections from the US and Australian governments, further validating its technology and progress.

We've discussed the evolution of the space industry on previous occasions. SpaceX has continued to progress with the development of its Starship rocket, which recently demonstrated an ability to catch the rocket's enormous booster section back at the launchpad. This is one of the key steps in unlocking a fully and rapidly reusable launch system, which will significantly increase capacity and decrease costs for the future space economy. Testing will continue in 2025, with ambitions to pass other key milestones such as in-orbit refuelling and gradually increase the frequency of launches. In the meantime, Falcon 9 remains the main workhorse and has flown over 100 times this year (an average of 1 launch every 3 days). Its Starlink business, which provides satellite broadband worldwide, has continued to scale, too. It now features almost 7,000 satellites in orbit, adding millions of new customers yearly. The network is now ready to turn on direct-to-cell services in the US, allowing phones and Internet of Things devices to receive signals and send messages regardless of location.

We'd be remiss not to mention the ongoing progress in healthcare. **Alnylam**, a company we have owned since 2014, is the undisputed leader in RNA interference, a technology allowing selective silencing of genes implicated with various diseases. Earlier this year, they demonstrated a successful Phase 3 readout in an age-related form of cardiovascular disease, an indication that is likely to be a huge commercial success and push them into sustained profitability. This allows Alnylam to aggressively pursue its expanding pipeline and broaden its targets outside the liver. One fascinating aspect of the company's ambition is in neurology, where demand continues to be unmet and patient outcomes are poor. Over the last decades, academia and the pharmaceutical industry have been almost exclusively focused on the theory that flaws in the production of beta-amyloid protein cause Alzheimer's. Alnylam takes a slightly different approach by going upstream and targeting a protein that causes the overproduction and build-up of beta-amyloid in the brain. The company is currently in a phase 1 trial in early-onset Alzheimer's patients, and the early results look very promising. This is just the first step in a very long journey, but there are strong reasons for optimism for the millions of patients diagnosed with central nervous system diseases. If successful, the reward for Alnylam shareholders will be substantial. The company continues to be a top holding in the portfolio.

Outlook

When discussing our outlook for EWIT, given our approach, we usually attempt to project over the longer-term periods we consider more meaningful periods. We stress that progress and innovation don't occur linearly, and shareholders should be patient because, eventually, the fundamental qualities of the portfolio will come through. We believe we have assembled a unique portfolio of companies offering innovative products and services, doing things faster, better and cheaper than the competition. These innovative propositions will result in considerable growth and attractive shareholder returns.

While maintaining that long-term view, there's also a palpable sense that we could be approaching a pivotal point for returns. An inflection, moving away from the recent disappointing pattern into something more rewarding. Three observations contribute to this view;

1. **The portfolio's top-line growth has re-accelerated.** For comparison, using the same metric, our benchmark has contracted. Following a challenging 2023, many of our holdings have adapted to a more rigorous operating environment. At the same time, we've moved on from several holdings that weren't delivering relative to our expectations. These numbers, however, don't speak to our perception of the portfolio's considerable growth potential. Many holdings are approaching catalysts which could accelerate their growth. Consider the names highlighted earlier in the report, such as the next generation of SpaceX rocketry or the acceleration of demand prompted by Axon's AI innovations.
2. **The portfolio has a much greater proportion of financially developed, resilient businesses.** The process evolutions we've introduced, plus progress by individual holdings, have resulted in the portfolio having more than double the proportion of profitable, cash-generative holdings compared to twelve months ago. Yet, what's more exciting is that independent forecasts estimate these holdings to grow their earnings at more than 20% over the next three years, more than double the benchmark rate. And frankly, we believe that is conservative.
3. **Portfolio valuations remain undemanding.** Following the turbulence of the last few years, the small-cap asset class continues to trade on a wide discount relative to its long-term average and larger peers. Our portfolio has not been immune to this, with valuation metrics comfortably below its average in the last five years. Obviously, we cannot accurately predict the trigger for this to unwind and normalise. Yet, given how painful the interest rate hiking cycle was, it stands to reason that the expected gradual reduction of rates could be a helpful tailwind which prompts a re-evaluation of the small-cap asset class and our portfolio.

We fully acknowledge that we've badly underperformed over the last few years. The changed investing environment is partly responsible, but we've also made mistakes. In this report, we've tried to convey the hard work of identifying the key learnings, incorporating these into our processes, and repositioning the portfolio.

Yet, with this as a starting point, armed with a new, more robust process and a rebalanced portfolio with accelerating operational performance, which isn't fully reflected in current valuations, we are very excited by what's to come.

* Sutro Biopharma, Ilika, LivePerson Inc, Codexis, Cosmo Pharmaceuticals, EverQuote Inc, Collectis, Avacta and Beam.

Baillie Gifford – valuing private companies

We aim to hold our private company investments at 'fair value' i.e. the price that would be paid in an open-market transaction. Valuations are adjusted both during regular valuation cycles and on an ad hoc basis in response to 'trigger events'. Our valuation process ensures that private companies are valued in both a fair and timely manner.

The valuation process is overseen by a valuations group at Baillie Gifford, which takes advice from an independent third party (S&P Global). The valuations group is independent from the investment team with all voting members being from different operational areas of the firm, and the investment managers only receive final notifications once they have been applied.

We revalue the private holdings on a three-month rolling cycle, with one third of the holdings reassessed each month. During stable market conditions, and assuming all else is equal, each investment would be valued four times in a twelve-month period. For investment trusts, the prices are also reviewed twice per year by the respective investment trust boards and are subject to the scrutiny of external auditors in the annual audit process.

Beyond the regular cycle, the valuations group also monitors the portfolio for certain ‘trigger events’. These may include: changes in fundamentals; a takeover approach; an intention to carry out an Initial Public Offering (‘IPO’); company news which is identified by the valuation team or by the portfolio managers, or meaningful changes to the valuation of comparable public companies. Any ad hoc change to the fair valuation of any holding is implemented swiftly and reflected in the next published net asset value. There is no delay.

The valuations group also monitors relevant market indices on a weekly basis and updates valuations in a manner consistent with our external valuer’s (S&P Global) most recent valuation report where appropriate.

Periods of market volatility during the year have meant that valuations continue to be reviewed more frequently, in some instances resulting in a further valuation movement. The data below quantifies the revaluations carried out during the year to 31 October 2024, but does not reflect the ongoing monitoring of the private investment portfolio that has not resulted in a change in valuation.

Edinburgh Worldwide Investment Trust*	%
Percentage of portfolio valued up to 4 times	20
Percentage of portfolio valued 5+ times	80

* Data reflecting period 1 November 2023 to 31 October 2024 to align with the Company’s reporting period end.

The average movement in company valuations and share prices across the portfolio in the year to 31 October 2024 are shown below.

Valuation movement	£’000
Value of private company investments as at 31 October 2023	180,057
Disposals in the period	(5,377)
Change in categorisation – book cost*	3,285
Change in categorisation – revaluation loss*	(1,857)
Investment revaluation gains in the period	35,062
Investment revaluation losses in the period	(28,198)
Value of private company investments as at 31 October 2024	182,972

Valuation movement	%
Average movement in investee company securities price	(1.0)
Average movement in investee company valuation	3.1

* C4X Discovery Holdings delisted on 26 April 2024.

Baillie Gifford stewardship principles

Baillie Gifford's overarching ethos is that we are 'Actual' investors. That means we seek to invest for the long term. Our role as an engaged owner is core to our mission to be effective stewards for our clients. As an active manager, we invest in companies at different stages of their evolution across many industries and geographies, and focus on their unique circumstances and opportunities. Our approach favours a small number of simple principles rather than overly prescriptive policies. This helps shape our interactions with holdings and ensures our investment teams have the freedom and retain the responsibility to act in clients' best interests.

Long-term value creation

We believe that companies that are run for the long term are more likely to be better investments over our clients' time horizons. We encourage our holdings to be ambitious, focusing on long-term value creation and capital deployment for growth. We know events will not always run according to plan. In these instances we expect management to act deliberately and to provide appropriate transparency. We think helping management to resist short-term demands from shareholders often protects returns. We regard it as our responsibility to encourage holdings away from destructive financial engineering towards activities that create genuine value over the long run. Our value will often be in supporting management when others don't.

Governance fit for purpose

Corporate governance is a combination of structures and behaviours; a careful balance between systems, processes and people. Good governance is the essential foundation for long-term company success. We firmly believe that there is no single governance model that delivers the best long-term outcomes. We therefore strive to push back against one-dimensional global governance principles in favour of a deep understanding of each company we invest in. We look, very simply, for structures, people and processes which we think can maximise the likelihood of long-term success. We expect to trust the boards and management teams of the companies we select, but demand accountability if that trust is broken.

Alignment in vision and practice

Alignment is at the heart of our stewardship approach. We seek the fair and equitable treatment of all shareholders alongside the interests of management. While assessing alignment with management often comes down to intangible factors and an understanding built over time, we look for clear evidence of alignment in everything from capital allocation decisions in moments of stress to the details of executive remuneration plans and committed share ownership. We expect companies to deepen alignment with us, rather than weaken it, where the opportunity presents itself.

Sustainable business practices

A company's ability to grow and generate value for our clients relies on a network of interdependencies between the company and the economy, society and environment in which it operates. We expect holdings to consider how their actions impact and rely on these relationships. We believe long-term success depends on maintaining a social licence to operate and look for holdings to work within the spirit and not just the letter of the laws and regulations that govern them. Material factors should be addressed at the board level as appropriate.

Income statement

For the year ended 31 October

	Notes	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Gains/(losses) on investments	8	–	77,573	77,573	–	(174,925)	(174,925)
Currency gains	12	–	3,975	3,975	–	2,802	2,802
Investment and other income	2	1,301	–	1,301	1,077	–	1,077
Investment management fee	3	(829)	(2,488)	(3,317)	(1,060)	(3,181)	(4,241)
Other administrative expenses	4	(1,520)	–	(1,520)	(915)	–	(915)
Net return before finance costs and taxation		(1,048)	79,060	78,012	(898)	(175,304)	(176,202)
Finance costs of borrowings	5	(1,571)	(4,714)	(6,285)	(1,578)	(4,735)	(6,313)
Net return before taxation		(2,619)	74,346	71,727	(2,476)	(180,039)	(182,515)
Tax on ordinary activities	6	(46)	–	(46)	(51)	–	(51)
Net return after taxation		(2,665)	74,346	71,681	(2,527)	(180,039)	(182,566)
Net return per ordinary share	7	(0.70p)	19.48p	18.78p	(0.65p)	(46.21p)	(46.86p)

The total column of this Statement represents the profit and loss account of the Company. The supplementary revenue and capital columns are prepared under guidance issued by the Association of Investment Companies.

All revenue and capital items in this Statement derive from continuing operations.

A Statement of Comprehensive Income is not required as the Company does not have any other comprehensive income and the net return after taxation is both the (loss)/profit and total comprehensive (expense)/income for the year.

Balance sheet

As at 31 October

	Notes	2024 £'000	2024 £'000	2023 £'000	2023 £'000
Fixed assets					
Investments held at fair value through profit or loss	8		705,032		671,300
Current assets					
Debtors	9	1,172		324	
Cash and cash equivalents	17	22,783		19,146	
		24,955		19,470	
Creditors					
Amounts falling due within one year	10	(94,384)		(106,033)	
Net current liabilities			(70,429)		(86,563)
Net assets			634,603		584,737
Capital and reserves					
Share capital	11		4,058		4,058
Share premium account	12		499,723		499,723
Special reserve	12		35,220		35,220
Capital reserve	12		106,883		54,352
Revenue reserve	12		(11,281)		(8,616)
Total shareholders' funds			634,603		584,737
Net asset value per ordinary share	13		170.40p		151.06p

The Financial Statements of Edinburgh Worldwide Investment Trust plc (Company registration number SC184775) were approved and authorised for issue by the Board and were signed on 17 January 2025.

Jonathan Simpson-Dent
Chair

Statement of changes in equity

For the year ended 31 October 2024

	Notes	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 November 2023		4,058	499,723	35,220	54,352	(8,616)	584,737
Ordinary shares bought back into treasury	11	–	–	–	(21,815)	–	(21,815)
Net return after taxation	12	–	–	–	74,346	(2,665)	71,681
Shareholders' funds at 31 October 2024		4,058	499,723	35,220	106,883	(11,281)	634,603

For the year ended 31 October 2023

	Notes	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 November 2022		4,058	499,723	35,220	242,654	(6,089)	775,566
Ordinary shares bought back into treasury	11	–	–	–	(8,263)	–	(8,263)
Net return after taxation	12	–	–	–	(180,039)	(2,527)	(182,566)
Shareholders' funds at 31 October 2023		4,058	499,723	35,220	54,352	(8,616)	584,737

Cash flow statement

For the year ended 31 October

Notes	2024 £'000	2024 £'000	2023 £'000	2023 £'000
Cash flows from operating activities				
Net return before taxation		71,727		(182,515)
<i>Adjustments to reconcile company profit before tax to net cash flow from operating activities</i>				
Net (gains)/losses on investments		(77,573)		174,925
Currency gains		(3,975)		(2,802)
Finance costs of borrowings		6,285		6,313
<i>Working capital movements</i>				
Changes in debtors		(661)		(38)
Changes in creditors		(264)		(244)
Taxation				
Overseas withholding tax incurred		(46)		(51)
Cash from operations*		(4,507)		(4,412)
Interest paid		(6,539)		(5,686)
Net cash outflow from operating activities		(11,046)		(10,098)
Cash flows from investing activities				
Acquisitions of investments	(126,456)		(73,803)	
Disposals of investments	170,441		98,261	
Net cash inflow from investing activities		43,985		24,458
Cash flows from financing activities				
Ordinary shares bought back into treasury and stamp duty thereon		(21,772)		(8,567)
Bank loans drawn down		365,783		402,717
Bank loans repaid		(373,783)		(400,000)
Net cash outflow from financing activities		(29,772)		(5,850)
Increase in cash and cash equivalents		3,167		8,510
Exchange movements		470		(495)
Cash and cash equivalents at 1 November		19,146		11,131
Cash and cash equivalents at 31 October		22,783		19,146

* Cash from operations includes dividends received of £638,000 (2023 – £718,000) and interest received of £663,000 (2023 – £288,000).

Twenty largest holdings and twelve month performance

Year to 31 October 2024

Name	Business	Country	Fair value 2024 £'000	% of total assets †	Absolute † performance %	Relative † performance %
Space Exploration Technologies ^{#§}	Designs, manufactures and launches advanced rockets and spacecraft	USA	90,073	12.4	30.5	7.3
Alnylam Pharmaceuticals	Drug developer focussed on harnessing gene silencing technology	USA	41,779	5.8	66.1	40.0
PsiQuantum ^{#§}	Developer of commercial quantum computing	USA	35,923	4.9	17.3	(3.5)
AeroVironment	Small unmanned aircraft and tactical missile systems	USA	30,325	4.2	77.0	49.2
Zillow [#]	US online real estate portal	USA	23,601	3.0	58.4	30.3
Oxford Nanopore Technologies	Novel DNA sequencing technology	UK	21,445	3.0	(34.0)	(44.4)
Axon Enterprise	Law enforcement equipment and software provider	USA	20,801	2.9	95.5	64.7
Exact Sciences	Non—invasive molecular tests for early cancer detection	USA	17,407	2.4	5.7	(10.9)
American Superconductor	Designs and manufactures power systems and superconducting wire	USA	15,886	2.2	267.9	210.0
Sweetgreen	A fast casual restaurant company	USA	15,483	2.1	68.2	65.3
Ocado	Online grocery retailer and technology provider	UK	14,472	2.0	(25.2)	(37.0)
MarketAxess	Electronic bond trading platform	USA	13,267	1.8	29.1	8.8
Upwork	Online freelancing and recruitment services platform	USA	12,590	1.7	22.1	2.9
Doximity	Online healthcare resource and interactive platform developer	USA	12,268	1.7	92.7	62.4
Appian	Enterprise software developer	USA	11,972	1.6	(14.5)	(27.9)
Trupanion	Pet health insurance provider	USA	11,819	1.6	146.2	107.4
Shine Technologies (Illuminated Holdings) ^{#§}	Medical radioisotope production	USA	10,844	1.5	(18.5)	(33.0)

JFrog	Software development tools and management	Israel	10,551	1.5	22.5	3.2
PeptiDream	Peptide based drug discovery platform	Japan	9,980	1.4	144.7	106.2
Kingdee International Software	Enterprise management software provider	China	9,684	1.3	(25.6)	(37.3)
			430,170	59.0		

* Total assets comprises all assets held less all liabilities other than liabilities in the form of borrowings.

† Absolute and relative performance has been calculated on a total return basis over the period 1 November 2023 to 31 October 2024. Absolute performance is in sterling terms; relative performance is against S&P Global Small Cap Index (in sterling terms).

More than one line of stock held. Holding information represents the aggregate of both lines of stock.

§ Denotes private company investment.

Source: LSEG and relevant underlying index providers. See disclaimer at the end of this announcement.

Past performance is not a guide to future performance.

List of investments

as at 31 October 2024

Name	Business	Country	Fair value 2024 £'000	% of total assets	Fair value 2023 £'000
Space Exploration Technologies Series N Preferred [§]	Designs, manufactures and launches advanced rockets and spacecraft	USA	51,624	7.1	39,556
Space Exploration Technologies Series J Preferred [§]	Designs, manufactures and launches advanced rockets and spacecraft	USA	23,418	3.2	17,944
Space Exploration Technologies Series K Preferred [§]	Designs, manufactures and launches advanced rockets and spacecraft	USA	10,675	1.5	8,180
Space Exploration Technologies Class A Common [§]	Designs, manufactures and launches advanced rockets and spacecraft	USA	3,329	0.5	2,551
Space Exploration Technologies Class C Common [§]	Designs, manufactures and launches advanced rockets and spacecraft	USA	1,027	0.1	787
			<hr/>		
			90,073	12.4	69,018
Alnylam Pharmaceuticals	Drug developer focussed on harnessing gene silencing technology	USA	41,779	5.8	41,793
PsiQuantum Series C Preferred [§]	Developer of commercial quantum computing	USA	21,936	3.0	17,618
PsiQuantum Series D Preferred [§]	Developer of commercial quantum computing	USA	13,987	1.9	13,184
			<hr/>		
			35,923	4.9	30,802
Aerovironment	Small unmanned aircraft and tactical missile systems	USA	30,325	4.2	19,460
Zillow Class C	US online real estate portal	USA	21,531	3.0	17,429
Zillow Class A	US online real estate portal	USA	2,070	0.3	1,342
			<hr/>		
			23,601	3.3	18,771
Oxford Nanopore Technologies	Novel DNA sequencing technology	UK	21,445	3.0	18,801
Axon Enterprise	Law enforcement equipment and software provider	USA	20,801	2.9	17,223
Exact Sciences	Non-invasive molecular tests for early cancer detection	USA	17,407	2.4	19,935
American Superconductor	Designs and manufactures power systems and superconducting wire	USA	15,886	2.2	3,962
Sweetgreen	A fast casual restaurant company	USA	15,483	2.1	–
Ocado	Online grocery retailer and technology provider	UK	14,472	2.0	20,598
MarketAxess	Electronic bond trading platform	USA	13,267	1.8	17,239
Upwork	Online freelancing and recruitment services platform	USA	12,590	1.7	11,241
Doximity	Online healthcare resource and interactive platform developer	USA	12,268	1.7	5,624

Name	Business	Country	Fair value 2024 £'000	% of total assets	Fair value 2023 £'000
Appian	Enterprise software developer	USA	11,972	1.6	14,004
Trupanion	Pet health insurance provider	USA	11,819	1.6	3,136
Shine Technologies (Illuminated Holdings) Series C-5 Preferred [§]	Medical radioisotope production	USA	6,955	1.0	9,910
Shine Technologies (Illuminated Holdings) Series Convertible Loan Note [§]	Medical radioisotope production	USA	778	0.1	824
Shine Technologies (Illuminated Holdings) Series Convertible Promissory Note [§]	Medical radioisotope production	USA	3,111	0.4	3,295
			10,844	1.5	14,029
JFrog	Software development tools and management	Israel	10,551	1.5	7,664
PeptiDream	Peptide based drug discovery platform	Japan	9,980	1.4	2,051
Kingdee International Software	Enterprise management software provider	China	9,684	1.3	14,309
Cyberark Software	Cyber security solutions provider	Israel	8,960	1.2	5,152
STAAR Surgical	Ophthalmic implants for vision correction	USA	8,868	1.2	17,348
Twist Bioscience	Biotechnology company	USA	8,562	1.2	3,543
LiveRamp	Marketing technology company	USA	8,300	1.1	9,722
IPG Photonics	High-power fibre lasers	USA	8,261	1.1	6,384
Aehr Test Systems	Semiconductor testing systems provider	USA	8,211	1.1	–
InfoMart	Online platform for restaurant supplies	Japan	7,774	1.1	3,020
Astranis Space Technologies Series C Preferred [§]	Communication satellite manufacturing and operation	USA	7,175	1.0	9,889
Astranis Space Technologies Series C Prime Preferred [§]	Communication satellite manufacturing and operation	USA	598	0.1	824
			7,773	1.1	10,713
PureTech Health	IP commercialisation focused on healthcare	UK	7,719	1.1	8,758
Skywater Technology	US specialist semiconductor fabrication company	USA	7,545	1.1	–
Silergy	Designs and manufactures a broad range of high performance analog integrated circuits	China	7,481	1.0	–
dLocal	Latin American developer of cross border payments platform	Uruguay	7,163	1.0	–
Epic Games [§]	Video game platform and software developer	USA	6,970	1.0	5,456

Name	Business	Country	Fair value 2024 £'000	% of total assets	Fair value 2023 £'000
Genmab	Antibody based drug development	Denmark	6,852	0.9	9,197
TransMedics	Medical device company	USA	6,800	0.9	3,293
Sprout Social	Cloud based software for social media management	USA	6,760	0.9	11,692
Snyk Ordinary Shares [§]	Security software	UK	2,517	0.3	2,919
Snyk Series F Preferred [§]	Security software	UK	4,219	0.6	4,892
			6,736	0.9	7,811
Zai Lab HK Line	Chinese bio-pharmaceutical development and distribution company	China	6,733	0.9	6,448
Renishaw	Measurement and calibration equipment	UK	6,262	0.9	4,324
RXSight	Implantable adjustable lens provider after cataract surgery	USA	6,259	0.9	–
Energy Recovery	Energy efficiency technology solutions designer and manufacturer company	USA	6,067	0.8	–
Lightning Labs Series B Preferred [§]	Lightning software that enables users to send and receive money	USA	5,915	0.8	5,803
Progyny	Fertility benefits management company	USA	5,592	0.8	7,914
BillionToOne Series C Preferred [§]	Pre-natal diagnostics	USA	4,810	0.7	3,788
BillionToOne Series C-1 Preferred [§]	Pre-natal diagnostics	USA	655	0.1	–
			5,465	0.8	3,788
Novocure	Manufacturer of medical devices for cancer treatment	USA	5,435	0.7	6,575
MP Materials	Rare Earth Materials Company	USA	5,203	0.7	3,236
Zuora	Enterprise sales management software	USA	5,201	0.7	4,765
Schrödinger	Drug discovery and simulation software	USA	5,149	0.7	12,656
KSQ Therapeutics Series C Preferred [§]	Biotechnology target identification company	USA	4,965	0.7	3,072
Blackline	Enterprise financial software provider	USA	4,952	0.7	6,957
Veeco	Semiconductor equipment company	USA	4,945	0.7	–
Xero	Cloud based accounting software for small and medium-sized enterprises	New Zealand	4,869	0.7	6,837
Genus	Livestock breeding and technology services	UK	4,843	0.7	4,960
Tandem Diabetes Care	Manufacturer of insulin pumps for diabetic patients	USA	4,319	0.6	2,112
Ambarella	Video compression and image processing semiconductors	USA	4,264	0.6	3,618
Silex Systems	Australian pioneer of laser enrichment technology	Australia	3,887	0.5	–
Ceres Power Holding	Developer of fuel cells	UK	3,781	0.5	3,740

Name	Business	Country	Fair value 2024 £'000	% of total assets	Fair value 2023 £'000
Digimarc	Digital watermarking technology provider	USA	3,728	0.5	3,307
Echodyne Corp. Series C-1 Preferred [§]	Metamaterial radar sensors and software	USA	3,719	0.5	5,303
Nanobiotix	Nanomedicine company focused on cancer radiotherapy	France	3,581	0.5	–
Raspberry Pi	Technology company	UK	3,479	0.5	–
Quantumscape	Solid-state batteries for electric vehicles	USA	3,456	0.5	4,310
Cryoport	Chain logistics solutions provider for the life sciences industry	USA	3,017	0.4	–
Adaptimmune Therapeutics	Cell therapies for cancer treatment	UK	2,960	0.4	2,835
IP Group	Intellectual property commercialisation	UK	2,510	0.3	2,395
Catapult Group International	Analytics and data collection technology for sports teams and athletes	Australia	2,402	0.3	848
Quanterix	Ultra-sensitive protein analysers	USA	2,153	0.3	3,751
Relativity Space Series D Preferred [§]	3D printing and aerospace launch company	USA	1,284	0.2	8,753
Relativity Space Series E Preferred [§]	3D printing and aerospace launch company	USA	751	0.1	4,105
			2,035	0.3	12,858
Sensirion Holding	Manufacturer of gas and flow sensors	Switzerland	1,997	0.3	2,768
C4X Discovery Holdings [§]	Software to aid drug design	UK	1,377	0.2	1,607
C4X Discovery Warrants	Software to aid drug design	UK	–	–	–
			1,377	0.2	1,607
DNA Script Series C Preferred [§]	Synthetic DNA fabricator	France	1,177	0.2	2,031
New Horizon Health – suspended	Cancer screening company	China	1,106	0.2	3,123
Ilika	Discovery and development of novel materials for mass market applications	UK	583	0.1	1,391
Collectis	Genetic engineering for cell based therapies	France	262	≤0.1	189
Cardlytics	Digital advertising platform	USA	115	≤0.1	2,699
Spire Global	Satellite powered data collection and analysis company	USA	102	≤0.1	320
freee K.K.	Cloud based accounting software for small and medium-sized enterprises	Japan	68	≤0.1	1,778
ITM Power	Hydrogen energy solutions manufacturer	UK	62	≤0.1	2,248
Expensify	Expense management software	USA	55	≤0.1	787
Angelalign Technology	Medical devices manufacturer	China	54	≤0.1	50
NuCana SPN ADR	Next generation chemotherapy developer	UK	23	≤0.1	470

Name	Business	Country	Fair value 2024 £'000	% of total assets	Fair value 2023 £'000
4D Pharma Warrants	Microbiome biology therapeutics	UK	–	–	–
4D Pharma – suspended	Microbiome biology therapeutics	UK	–	–	–
China Lumena New Materials - suspended	Mines, processes and manufactures natural thenardite products	China	–	–	–
Chinook Therapeutics (formerly Aduro Biotechnology) CVR Line	Immunotherapy drug development	USA	–	–	–
Reaction Engines [§]	Advanced heat exchange company	UK	–	–	–
Total equities			705,032	97.1	
Net liquid assets			21,315	2.9	
Total assets*			726,347	100.0	

* Total assets comprises all assets held less all liabilities in the form of borrowings.

§ Denotes private company investment.

	Listed equities %	Unlisted securities [#] %	Net liquid assets %	Total assets %
31 October 2024	71.8	25.3	2.9	100.0
31 October 2023	71.4	26.2	2.4	100.0

Figures represent percentage of total assets.

[#] Includes holdings in preference shares, ordinary shares, suspended shares and convertible promissory notes.

Distribution of total assets

At 31 October

Geographical 2024

Geographical	2024	2023
	%	%
North America	73.5	71.2
USA	73.5	70.7
Canada	–	0.5
South America	1.0	–
Uruguay	1.0	–
Europe	15.1	19.7
United Kingdom	10.5	14.2
Eurozone	0.7	2.4
Developed Europe (non euro)	3.9	3.1
Asia	5.9	5.6
China	3.4	3.8
Japan	2.5	1.8
Australasia	1.6	1.1
Australia	0.9	0.1
New Zealand	0.7	1.0
Net liquid assets	2.9	2.4

Sectoral 2024

Sectoral	2024	2023
	%	%
Healthcare	29.9	36.2
Industrials	27.8	24.7
Information technology	27.0	24.5
Consumer discretionary	4.6	4.3
Financials	3.8	3.3
Communication services	3.3	3.8
Materials	0.7	0.8
Net liquid assets	2.9	2.4

Notes to the Financial Statements

1. Basis of accounting

The Financial Statements for the year to 31 October 2024 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and on the basis of the accounting policies set out below which are unchanged from the prior year and have been applied consistently.

The Financial Statements have been prepared in accordance with the Companies Act 2006 and with the AIC's Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in July 2022 with consequential amendments.

2. Income

	2024 £'000	2023 £'000
Income from investments		
UK dividends	358	379
Overseas dividends	280	340
Overseas interest	342	70
	980	789
Other income		
Deposit interest	321	288
Total income	1,301	1,077
Total income comprises:		
Dividends from financial assets held at fair value through profit or loss	638	719
Interest from financial assets designated at fair value through profit or loss	342	70
Interest from financial assets not at fair value through profit or loss	321	288
	1,301	1,077

3. Investment Manager

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed as the Company's Alternative Investment Fund Manager ('AIFM') and Company Secretaries. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. Dealing activity and transaction reporting have been further sub-delegated to Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited. The Management Agreement can be terminated on three months' notice.

The annual management fee is 0.75% on the first £50 million of net assets, 0.65% on the next £200 million of net assets and 0.55% on the remaining net assets. Management fees are calculated and payable quarterly.

A reduction to the management fee for the year to 31 October 2024 was agreed representing a 25% reduction to the fee for the quarters to 31 July 2024 and 31 October 2024. The reduction was agreed further to the costs incurred by the Company in relation to the detailed review of strategy (see Chair's Statement on page 07 of the Annual Report and Financial Statements).

4. Net return per ordinary share

	2024 Revenue	2024 Capital	2024 Total	2023 Revenue	2023 Capital	2023 Total
Net return after taxation	(0.70p)	19.48p	18.78p	(0.65p)	(46.21p)	(46.86p)

Revenue return per ordinary share is based on the net revenue loss after taxation of £2,665,000 (2023 – net revenue loss of £2,527,000) and on 381,569,206 (2023 – 389,617,177) ordinary shares, being the weighted average number of ordinary shares in issue (excluding treasury shares) during the year.

Capital return per ordinary share is based on the net capital gain for the financial year of £74,346,000 (2023 – net capital loss of £180,039,000) and on 381,569,206 (2023 – 389,617,177) ordinary shares, being the weighted average number of ordinary shares in issue (excluding treasury shares) during the year.

There are no dilutive or potentially dilutive shares in issue.

5. Dividends

This year the net revenue return per share was a negative 0.70p per share (2023 – negative 0.65p per share) and therefore no final dividend is being recommended by the Board. Should the level of underlying income increase in future years, the Board will seek to distribute to shareholders the minimum permissible to maintain investment trust status by way of a final dividend.

6. Fair Value Hierarchy

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
As at 31 October 2024				
Listed equities	520,954	–	–	520,954
Unlisted ordinary shares	–	–	15,220	15,220
Suspended ordinary shares	–	–	1,106	1,106
Unlisted preference shares*	–	–	163,863	163,863
Unlisted convertible promissory note/convertible loan note	–	–	3,889	3,889
Total financial asset investments	520,954	–	184,078	705,032

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
As at 31 October 2023				
Listed equities	491,243	–	–	491,243
Unlisted ordinary shares	–	–	19,450	19,450
Unlisted preference shares*	–	–	156,900	156,900
Unlisted convertible promissory note/convertible loan note	–	–	3,707	3,707
Total financial asset investments	491,243	–	180,057	671,300

* The investments in preference shares are not classified as equity holdings as they include liquidation preference rights that determine the repayment (or multiple thereof) of the original investment in the event of a liquidation event such as a take-over.

Fair value hierarchy

The fair value hierarchy used to analyse the fair values of financial assets is described below. The levels are determined by the lowest (that is the least reliable or least independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

Level 1 – using unadjusted quoted prices for identical instruments in an active market;

Level 2 – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

Level 3 – using inputs that are unobservable (for which market data is unavailable).

The valuation techniques used by the Company are explained in the accounting policies on page 96 of the Annual Report and Financial Statements. A sensitivity analysis by valuation technique of the unlisted securities is given on pages 108 to 111 of the Annual Report and Financial Statements.

7. Borrowings

Borrowing facilities at 31 October 2024:

A five year £100 million multi-currency revolving credit facility with The Royal Bank of Scotland International Limited with an expiry date of 9 June 2026.

A five year £36 million multi-currency revolving credit facility with The Bank of New York Mellon with an expiry date of 30 October 2026.

At 31 October 2024 drawings were as follows:

- £100 million multi-currency facility with The Royal Bank of Scotland International Limited: £9,864,299 at an interest rate of 5.02% per annum; US\$71,166,114 at an interest rate of 6.35% per annum; and £28,060,150 at an interest rate of 6.40% per annum. The rollover/maturity date is 11 February 2025.

At 31 October 2023 drawings were as follows:

- £100 million multi-currency facility with The Royal Bank of Scotland International Limited: £10,600,000 at an interest rate of 4.73% per annum; US\$77,150,000 at an interest rate of 6.75% per annum; and £30,437,000 at an interest rate of 6.63% per annum. The rollover/maturity date is 9 February 2024.

The main covenants relating to both loan facilities with The Royal Bank of Scotland International Limited and The Bank of New York Mellon Limited are: total borrowings shall not exceed 35% of the Company's adjusted gross assets and the minimum adjusted gross assets shall be £260 million. There were no breaches in the loan covenants during the year to 31 October 2024 (31 October 2023 – none).

Subsequent to 31 October 2024, the Company has repaid an amount equivalent to £37 million.

8. Share capital

	2024 Number	2024 £'000	2023 Number	2023 £'000
Allotted, called up and fully paid ordinary shares of 1p each	372,426,908	3,725	387,094,641	3,871
Treasury shares of 1p each	33,326,787	333	18,659,054	187
	405,753,695	4,058	405,753,695	4,058

The Company has authority to allot shares under section 551 of the Companies Act 2006. The Board has authorised use of this authority to issue new shares at a premium to net asset value in order to enhance the net asset value per share for existing shareholders and improve the liquidity of the Company's shares. In the year to 31 October 2024 no shares were issued from treasury (in the year to 31 October 2023 – no shares were issued from treasury).

Over the period from 31 October 2024 to 16 January 2025 the Company has issued no further shares.

The Company also has authority to buy back shares. In the year to 31 October 2024, 14,667,733 shares with a nominal value of £147,000 were bought back at a total cost of £21,815,000 and held in treasury (2023 – 5,190,382 shares with a nominal value of £52,000 were bought back at a total cost of £8,263,000 and held in treasury). At 31 October 2024 the Company had authority to buy back a further 45,828,607 ordinary shares.

Over the period from 31 October 2024 to 16 January 2025 the Company has bought back a further 31,000 shares at a total cost of £50,000.

9. Analysis of change in net debt

The net asset value per ordinary share and the net asset value attributable to the ordinary shareholders at the year end calculated in accordance with the Articles of Association were as follows:

	At 1 October 2023 £'000	Cash flows £'000	Exchange movement £'000	At 31 October 2024 £'00
Cash and cash equivalents	19,146	3,167	470	22,783
Loans due within one year	(103,249)	8,000	3,505	(91,744)
	(84,103)	11,167	3,975	(68,961)

10. Financial information

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 October 2024 or the year ended 31 October 2023 but is derived from those accounts. Statutory accounts for the period to 31 October 2023 have been delivered to the Registrar of Companies, and those for the year to 31 October 2024 will be delivered in due course. The auditor has reported on those accounts; the reports were (i) unqualified, (ii) included a reference to a matter to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Glossary of terms and Alternative Performance Measures ('APM')

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Total assets

This is the Company's definition of Adjusted Total Assets, being the total value of all assets held less all liabilities (other than liabilities in the form of borrowings).

Net Asset Value ('NAV')

Also described as shareholders' funds, net asset value is the value of total assets less liabilities (including borrowings). Net asset value can be calculated on the basis of borrowings stated at book value and fair value. An explanation of each basis is provided below. The net asset value per share is calculated by dividing this amount by the number of ordinary shares in issue excluding any shares held in treasury.

Net Asset Value (borrowings at book value)

Borrowings are valued at their nominal book value. The value of the borrowings at book and fair value are set out on page 108 of the Annual Report and Financial Statements.

Net Asset Value (borrowings at fair value) (APM)

Borrowings are valued at an estimate of their market worth. The value of the borrowings at book and fair value are set out on page 108 of the Annual Report and Financial Statements.

Net Asset Value (reconciliation of NAV at book value to NAV at fair value)

	2024 £'000	2023 £'000
Net asset value per ordinary share (borrowings at book value)	170.40p	151.06p
Shareholders' funds (borrowings at book value)	£634,603	£584,737
Add: book value of borrowings	£91,744	£103,249
Less: fair value of borrowings	(£91,744)	(£103,249)
Shareholders' funds (borrowings at fair value)	£634,603	£584,737
Number of shares in issue	372,426,908	387,094,641
Net asset value per ordinary share (borrowings at fair value)	170.40p	151.06p

At 31 October 2024 and 31 October 2023 all borrowings are in the form of short term floating rate borrowings and their fair value is considered equal to their book value, hence there is no difference in the net asset value at book value and fair value.

Net liquid assets

Net liquid assets comprise current assets less current liabilities, excluding borrowings.

Discount/premium (APM)

As stock markets and share prices vary, an investment trust's share price is rarely the same as its net asset value. When the share price is lower than the net asset value per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage of the net asset value per share. If the share price is higher than the net asset value per share, this situation is called a premium.

		2024	2023
Net asset value per ordinary share	(a)	170.40p	151.06p
Share price	(b)	157.40p	124.80p
(Discount)/premium	((b) - (a)) ÷ (a)	(7.6%)	(17.4%)

Total return (APM)

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend.

Compound annual return (APM)

The compound annual return converts the return over a period of longer than one year to a constant annual rate of return applied to the compound value at the start of each year.

Leverage (APM)

For the purposes of the Alternative Investment Fund Managers ('AIFM') Regulations, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other. The leverage figures at 31 October 2024 are detailed on page 117 of the Annual Report and Financial Statements.

Active share (APM)

Active share, a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

Gearing (APM)

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Gearing is the Company's borrowings at book value less cash and cash equivalents (including any outstanding trade settlements) expressed as a percentage of shareholders' funds.

		2024 £'000	2023 £'000
Borrowings (at book value)		£91,744	£103,249
Less: cash and cash equivalents		(£22,783)	(£19,146)
Less: sales for subsequent settlement		(£188)	–
Add: purchases for subsequent settlement		£332	–
Add: buy-backs awaiting settlement		£171	£128
Adjusted borrowings	(a)	£69,276	£84,231
Shareholders' funds	(b)	£634,603	£584,737
Gross gearing	(a) as a percentage of (b)	11%	14%

Potential gearing is the Company's borrowings expressed as a percentage of shareholders' funds.

		2024 £'000	2023 £'000
Borrowings (at book value)	(a)	£91,744	£103,249
Shareholders' funds	(b)	£634,603	£584,737
Potential gearing	(a) as a percentage of (b)	14%	18%

Ongoing charges (APM)

The total expenses (excluding dealing and borrowing costs) incurred by the Company as a percentage of the daily average net asset value (with borrowings at market value), as detailed below.

		2024 £'000	2023 £'000
Investment management fee		£3,317	£4,241
Other administrative expenses		£1,520	£915
Total expenses	(a)	£4,837	£5,156
Average daily cum-income net asset value (with debt at fair value)	(b)	£638,804	£731,407
Ongoing charges	(a) as a percentage of (b)	0.76%	0.70%

Share split

A share split (or stock split) is the process by which a company divides its existing shares into multiple shares. Although the number of shares outstanding increases, the total value of the shares remains the same with respect to the pre-split value.

Unlisted (private) company

An unlisted company means a company whose shares are not available to the general public for trading and not listed on a stock exchange.

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Sustainable Finance Disclosure Regulation (‘SFDR’)

The EU Sustainable Finance Disclosure Regulation (‘SFDR’) does not have a direct impact in the UK due to Brexit, however, it applies to third-country products marketed in the EU. As Baillie Gifford Japan is marketed in the EU by the AIFM, Baillie Gifford & Co Limited, via the National Private Placement Regime (‘NPPR’) the following disclosures have been provided to comply with the high-level requirements of SFDR.

The AIFM has adopted Baillie Gifford & Co’s ESG Principles and Guidelines as its policy on integration of sustainability risks in investment decisions.

Baillie Gifford & Co believes that a company cannot be financially sustainable in the long run if its approach to business is fundamentally out of line with changing societal expectations. It defines ‘sustainability’ as a deliberately broad concept which encapsulates a company’s purpose, values, business model, culture, and operating practices.

Baillie Gifford & Co’s approach to investment is based on identifying and holding high quality growth businesses that enjoy sustainable competitive advantages in their marketplace. To do this it looks beyond current financial performance, undertaking proprietary research to build up an in-depth knowledge of an individual company and a view on its long-term prospects. This includes the consideration of sustainability factors (environmental, social and/or governance matters) which it believes will positively or negatively influence the financial returns of an investment. The likely impact on the return of the portfolio from a potential or actual material decline in the value of investment due to the occurrence of an environmental, social or governance event or condition will vary and will depend on several factors including but not limited to the type, extent, complexity and duration of an event or condition, prevailing market conditions and existence of any mitigating factors.

Whilst consideration is given to sustainability matters, there are no restrictions on the investment universe of the Company, unless otherwise stated within in its Investment Objective & Policy. Baillie Gifford & Co can invest in any companies it believes could create beneficial long-term returns for investors. However, this might result in investments being made in companies that ultimately cause a negative outcome for the environment or society.

More detail on the Investment Manager’s approach to sustainability can be found in the ESG Principles and Guidelines document, available publicly on the Baillie Gifford website [bailliegifford.com](https://www.bailliegifford.com) and by scanning the QR code below.

The underlying investments do not take into account the EU criteria for environmentally sustainable economic activities established under the EU Taxonomy Regulation.

Regulated Information Classification: Additional regulated information required to be disclosed under applicable law.

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