

**SCOTTISH  
MORTGAGE**  
INVESTMENT TRUST

# Private Companies

Q4 2024

Managed by

**Baillie Gifford™**

# Important information and risk factors

This is a marketing communication and should not be considered as advice or a recommendation to buy, sell or hold a particular investment. This document contains information on investments which does not constitute independent investment research. Accordingly, it is not subject to the protections afforded to independent research and Baillie Gifford and its staff may have dealt in the investments concerned. Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Baillie Gifford & Co Limited is authorised and regulated by the Financial Conduct Authority. Baillie Gifford & Co Limited is the authorised Alternative Investment Fund Manager and Company Secretary of the Trust.

The Scottish Mortgage Investment Trust is a listed UK company, and is not authorised or regulated by the Financial Conduct Authority. The value of its shares, and any income from them, can fall as well as rise and investors may not get back the amount invested. A Key Information Document for the Trust is available by contacting us.

The specific risks associated with the funds include:

- The Trust invests in overseas securities, changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.
- Market values for securities which have become difficult to trade may not be readily available, and there can be no assurance that any value assigned to such securities will accurately reflect the price the Trust might receive upon their sale.

# Important information and risk factors

— The Trust invests in emerging markets, which includes China, where difficulties with market volatility, political and economic instability including the risk of market shutdown, trading, liquidity, settlement, corporate governance, regulation, legislation and taxation could arise, resulting in a negative impact on the value of your investment.

— Scottish Mortgage can borrow money to make further investments (sometimes known as “gearing” or “leverage”). The risk is that when this money is repaid by the Trust, the value of the investments may not be enough to cover the borrowing and interest costs, and the Trust will make a loss. If the Trust's investments fall in value, any borrowings will increase the amount of this loss.

— Unlisted investments such as private companies, in which the Trust has a significant investment, can increase risk. These assets may be more difficult to sell, so changes in their prices may be greater.

— The Trust can make use of derivatives. The use of derivatives may impact on its performance.

— Share prices may either be below (at a discount) or above (at a premium) the net asset value (NAV). The Company may issue new shares when the price is at a premium which may reduce the share price. Shares bought at a premium may have a greater risk of loss than those bought at a discount

— The Trust can buy back its own shares. The risks from borrowing, referred to above, are increased when a trust buys back its own shares.

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All data is source Baillie Gifford & Co and unaudited unless otherwise stated.



Past performance is not a guide to future returns.


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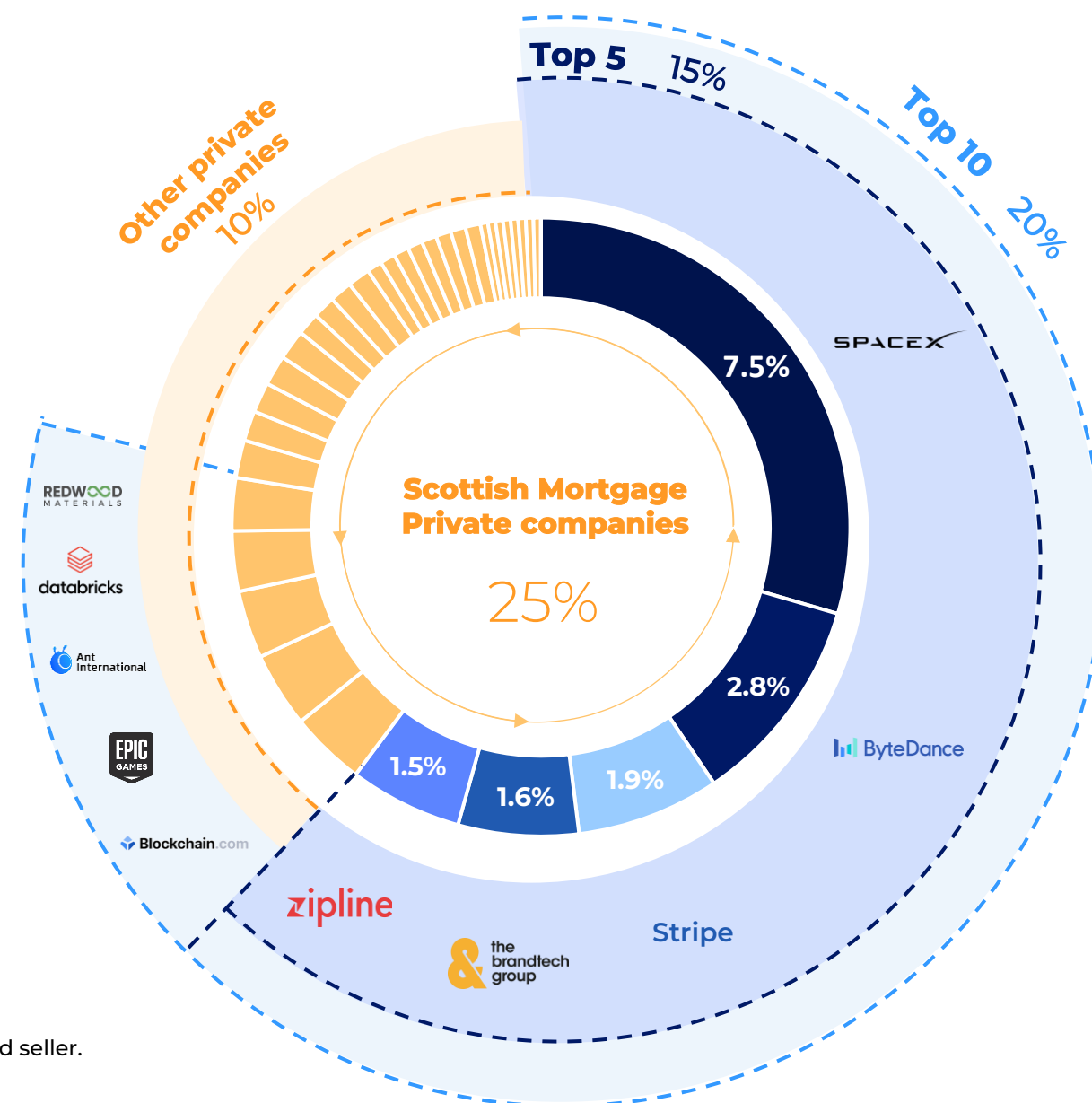
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# Private Companies Summary

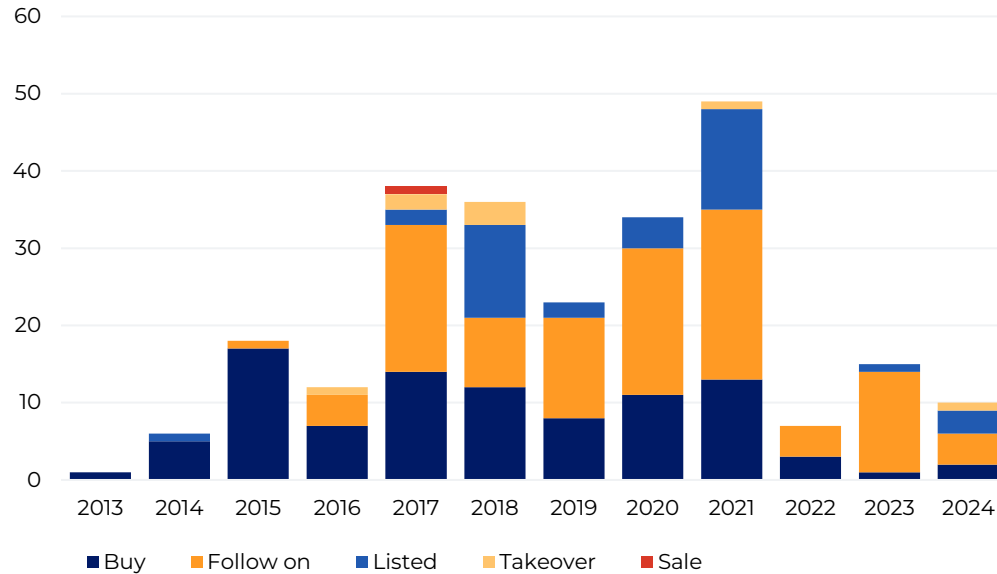
<b>Opening balance:</b> <b>31 December 2023</b>	<b>£3,671,278,000</b>
+ capital deployed	+48,985,000
+/- changes in fair value	340,650,000
change in listing/categorisation	-301,966,000
<b>Closing balance:</b> <b>31 December 2024</b>	<b>£3,758,947,000</b>
<b>Key transactions</b>	<b>Transactions value</b>
 blockchain.com	£2,969,353
 Databricks	£16,342,917
 Enveda Therapeutics	£11,788,744
 Zipline	£11,744,011

Notable transactions 12 months to 31 December 2024. Follow on  Logos courtesy of companies. Portfolio donut, as at 31 December 2024. Past performance is not a guide to future returns. Fair value is the estimated current price for an asset, mutually agreed between buyer and seller.

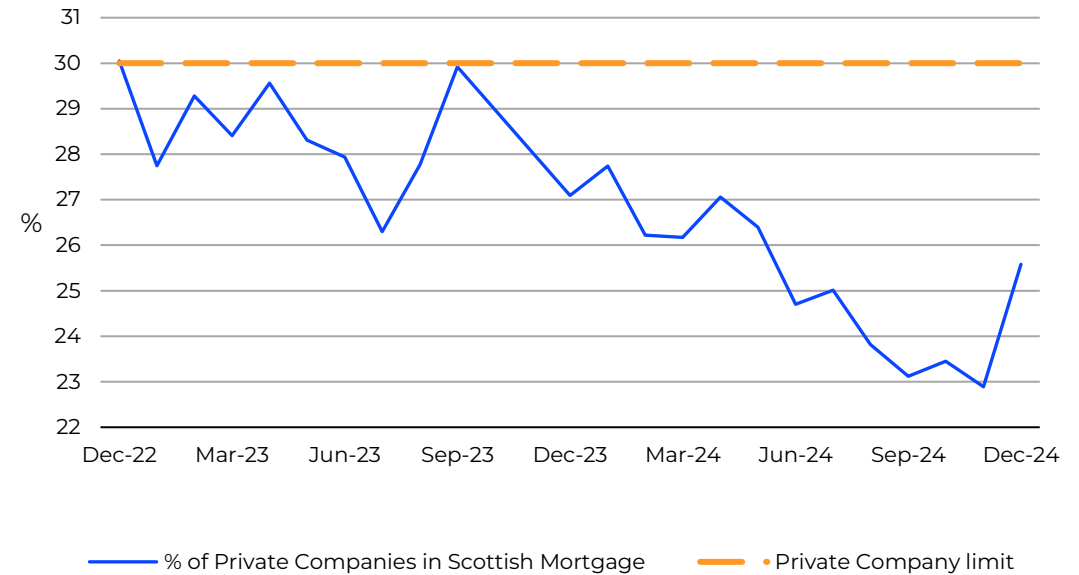


# Activity over time

## Private company activity over time



## Private company exposure



## Of the 97 investments made:

Liquidated	Takeover	Listed	Currently held
1	8	39	50 <sup>^</sup>

The limit on private investments is measured at time of purchase.

Scottish Mortgage, private company transactions 10 years to 31 December 2024. <sup>^</sup>Includes one unlisted instruments with potential residual value . For further information on the terms used, please refer to the glossary on pages 34-35 of the presentation. Or visit [www.scottishmortgage.com/en/uk/individual-investors/frequently-asked-questions](http://www.scottishmortgage.com/en/uk/individual-investors/frequently-asked-questions).

## Size and strength

### Maturity

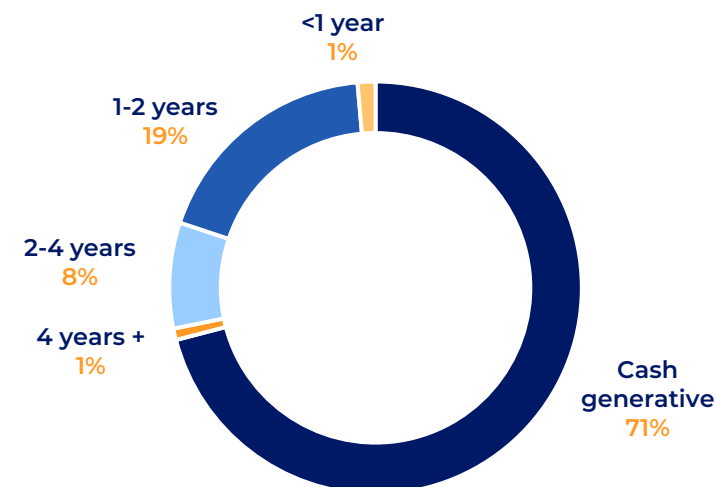
Our private company exposure tends to be weighted to the upper end of the maturity curve, focused on late-stage private companies which are scaling up and becoming profitable.

Cap	Total equity value (USD)	Portfolio %	Number of holdings
Micro	<\$300m	0.4	8
Small	\$300m-\$2bn	3.7	16
Medium	\$2bn-\$10bn	6.2	8
Large	>\$10bn	14.9	6
Total		25.2	38

Source: Baillie Gifford. As at 31 December 2024. US dollar. Excludes venture funds.  
For further information on the terms used, please refer to the glossary on pages 34-35 of the presentation.  
Or visit [www.scottishmortgage.com/en/uk/individual-investors/frequently-asked-questions](http://www.scottishmortgage.com/en/uk/individual-investors/frequently-asked-questions).

### Robustness

Our companies remain well capitalised:

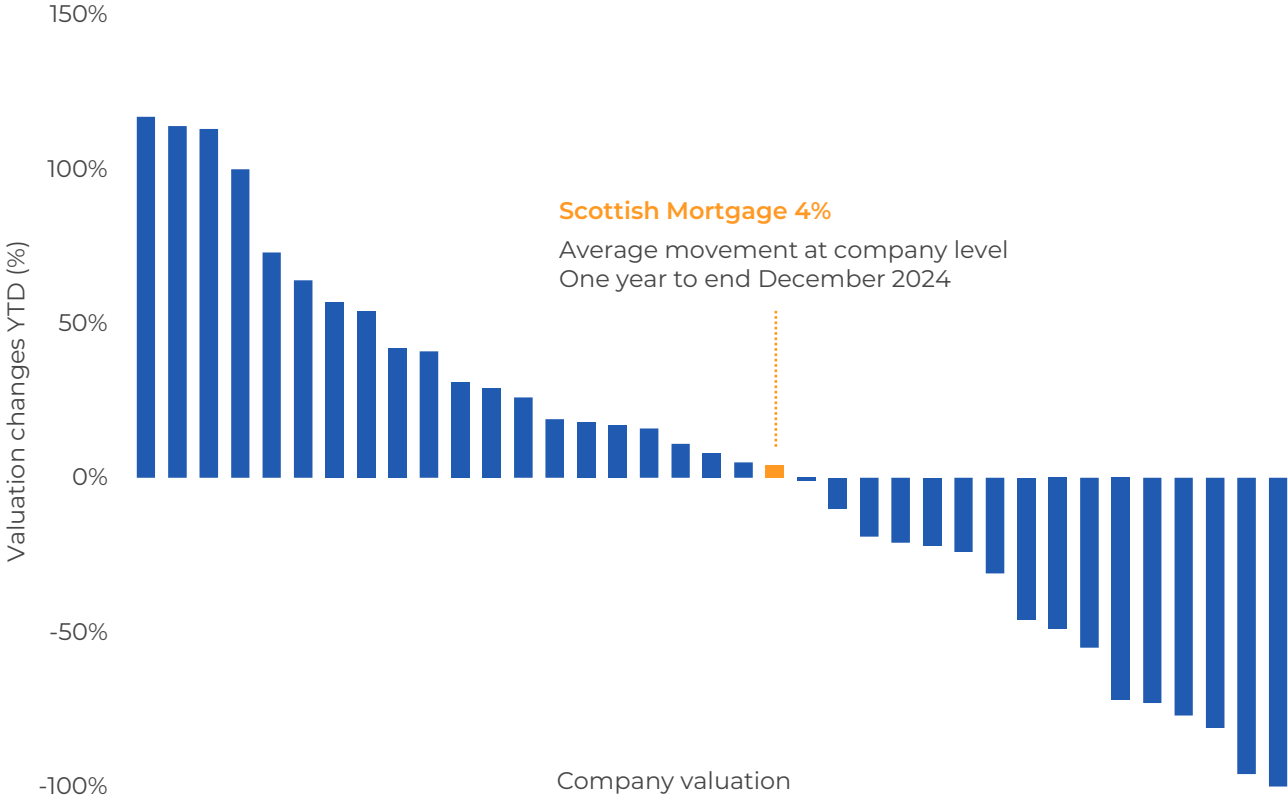


Companies not Cash generative show the estimated years of cash runaway.

Based on fair value of private companies within the Scottish Mortgage portfolio, as at 31 December 2024.

# Valuation Summary

## Valuation movements to 31 December 2024



### Valuation analysis

Revaluation summary	
Private companies held	50
Instruments* held	78
Number of revaluations	417
Revaluation stats	
Valued up to 4 times	38.5%
Valued 5+ times	61.5%
Valuation movements	
Average movement at private company level	4.1%
Average movement per instrument	4.8%

Source: Baillie Gifford. Scottish Mortgage private company valuation changes one year to 31 December 2024. Past performance is not a guide to future returns.

\*Instrument: Different classes of stock, issued by private companies to differentiate ownership rights or investment terms among investors.

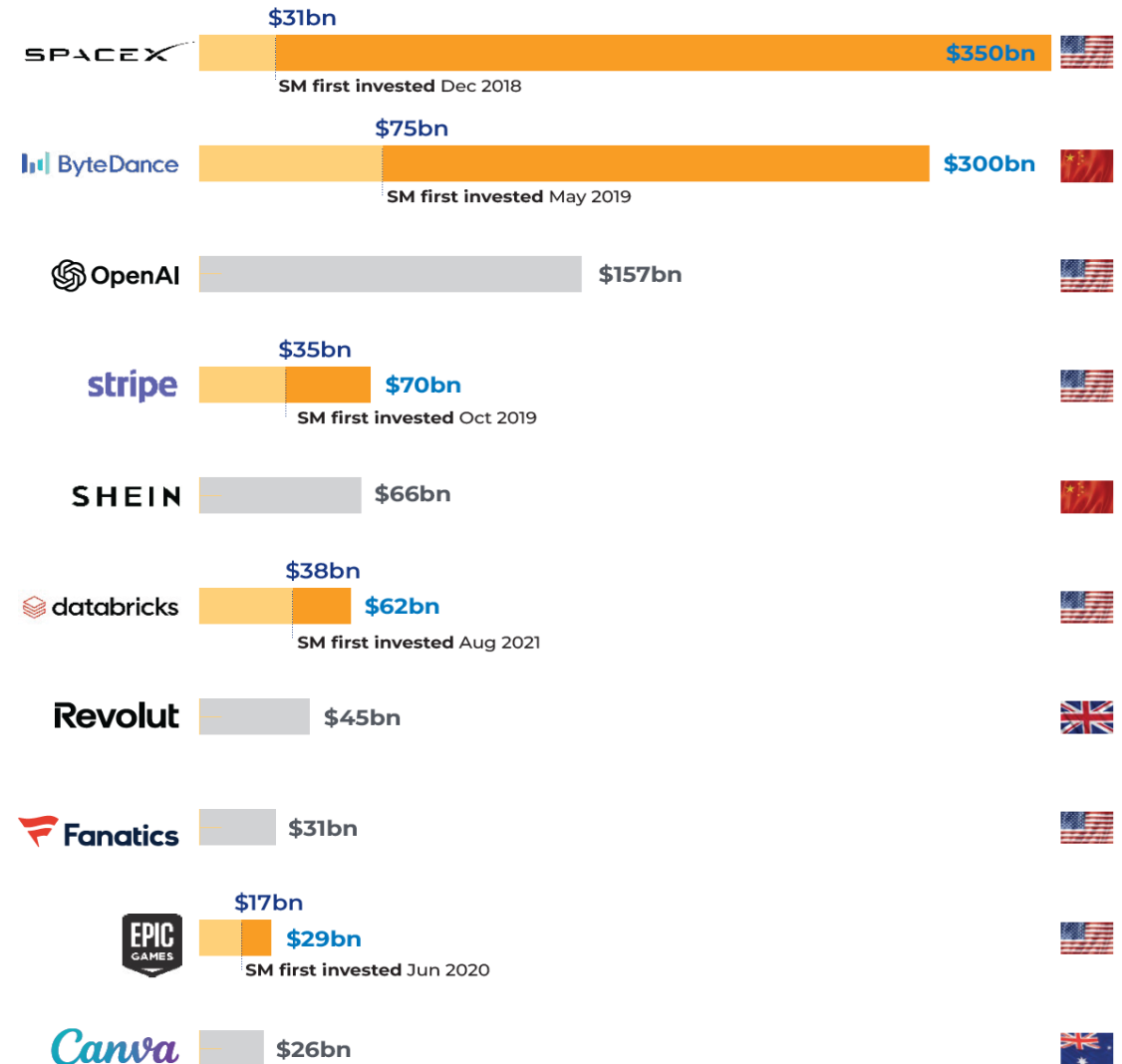
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# Private Companies:

## Top 10 World's Most Valuable 'Unicorns' Scottish Mortgage Own Half of Them

● Baillie Gifford valuation at first investment ● Current public valuation  
 ● Stocks currently held by Scottish Mortgage ● Stocks not held by Scottish Mortgage



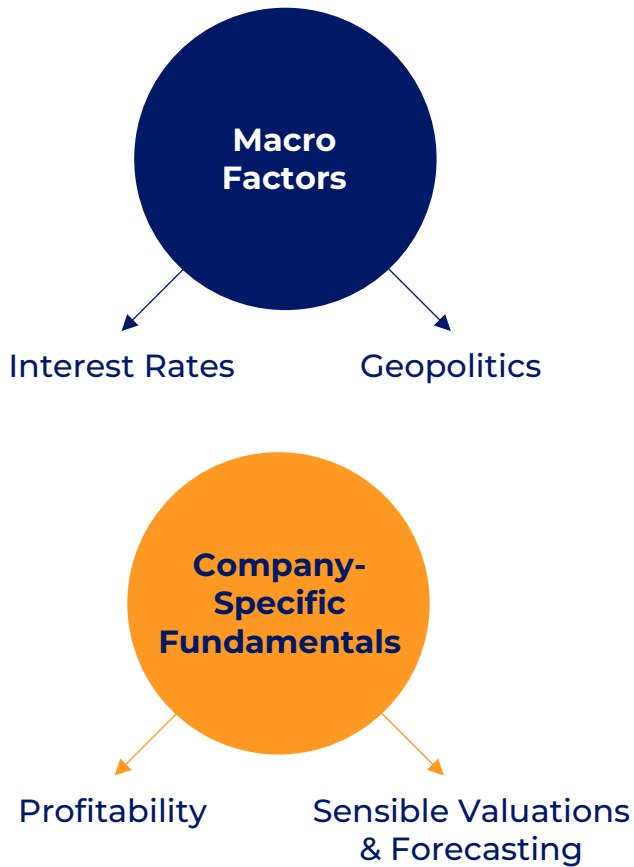
Source: Pitchbook. As at 31 December 2024. Baillie Gifford valuations at first investment.



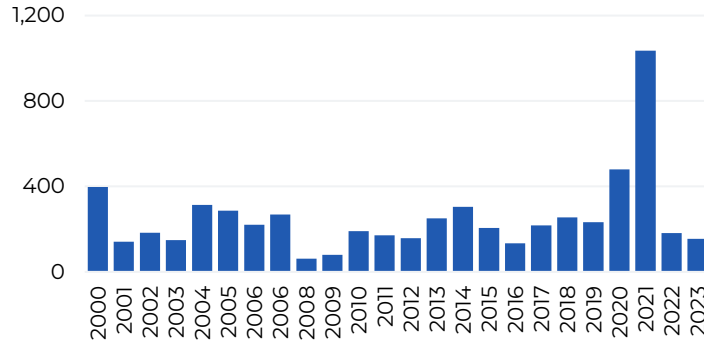
# Private Companies

## When will the IPO market re-open?

Mixture of market-related factors as well as company-specific aspects that will contribute to the IPO window opening

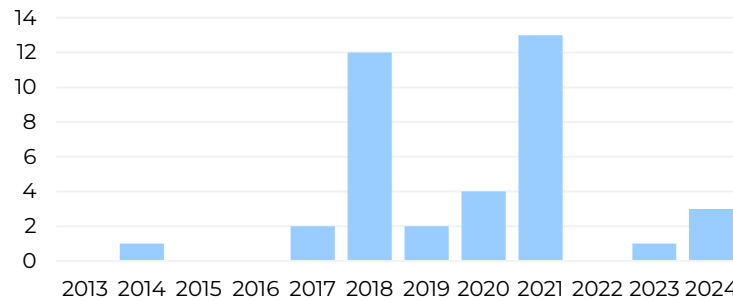


**Number of IPOs in the United States from 1999 to 2023**



Source: Statista, Stock Analysis. January 2024.

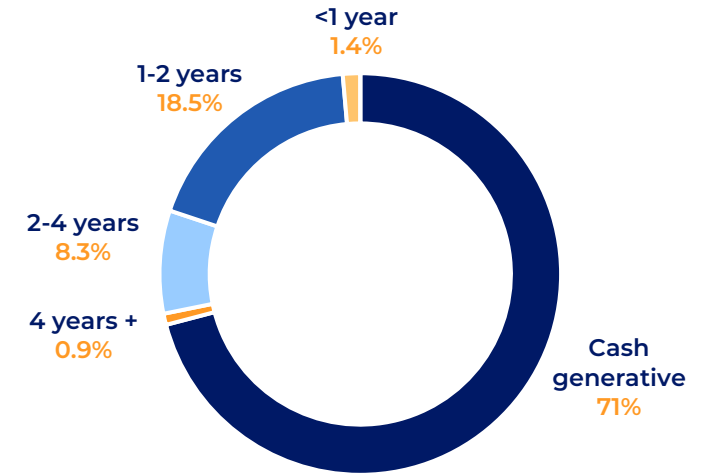
**Scottish Mortgage private company activity over time**



■ IPO

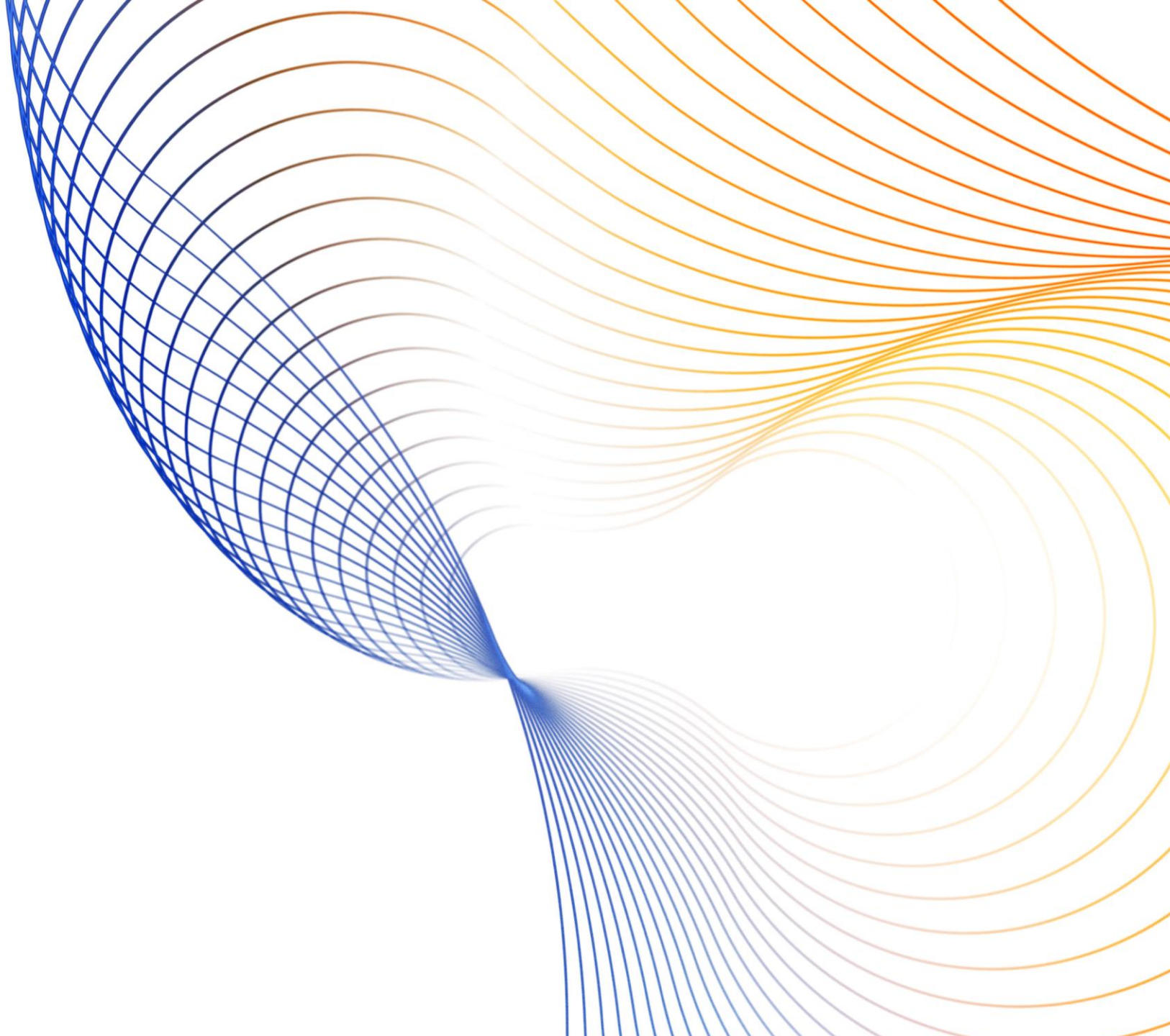
As at 31 December 2024.

**Scottish Mortgage profitability and cash runways**



Based on fair value of private companies within the Scottish Mortgage portfolio, as at 31 December 2024.

# Glossary



# Glossary of terms

For more information on investment trusts and other educational content, visit [www.scottishmortgage.com/aboutus](http://www.scottishmortgage.com/aboutus)

## Average write-down

A write-down is an accounting term for the reduction in value of an asset. The amount of the write-down is the difference between the book value listed on the balance sheet and how much you could recover from it now that the asset's value has been reduced.

## Buybacks

When a company buys its own outstanding shares to reduce the number of shares available on the open market.

## Cash on hand

The amount of money accessible by a company when required for unexpected expense. It can include cash, short-term liquid investments, or liquid assets that can be converted to cash.

## Capex R&D to sales

The ratio of the proportion of capital expenditures (Capex) a company spends on research and development (R&D) vs its total sales. It is used to evaluate a company's investment in R&D and its ability to generate revenue from those investments.

## NAV cum fair

The value of all a trust's assets with the latest income included but with debt subtracted at the fair or current value.

## Discount of share price to NAV

When the market price of a mutual fund or Exchange Traded Fund (ETF) is trading below its daily net asset value (NAV).

## EBITDA

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) is an accounting method to calculate a company's total profits (or earnings). It's used as a rough and ready measure of the cash a business generates – cash that can be invested in the business, used to pay debts or returned to shareholders.

## EV to EBITDA

Enterprise value to EBITDA is a popular financial measurement tool used to determine the fair market value of a company

## FTSE All-World Index

The FTSE All-World index is an international equity index, which tracks stocks from developed and emerging markets worldwide.

## Gearing

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 amount of borrowing that an investment trust has undertaken, expressed as a percentage of total assets (including all debt used for investment purposes) less all cash and equivalents divided by shareholders' funds.

## Gross gearing

Gross gearing is the amount of borrowing that an investment trust has undertaken, expressed as a percentage of total assets (including all debt used for investment purposes) divided by shareholders' funds.

## Potential gearing

It is the maximum amount of borrowing that an investment trust can undertake, expressed as a percentage of its net asset value. It represents the total amount of debt that a trust can take on to invest in additional assets.

## Invested gearing

It is the amount of borrowing that an investment trust has undertaken, expressed as a percentage of its net asset value. It represents the amount of debt that a trust has used to invest in additional assets.

## Investment trust

In simple terms, an investment trust is a type of fund, and just like any other fund it holds a portfolio of underlying investments. The key difference from many other funds is that an investment trust is an independent company (plc), so its shares can be bought and sold on a stock exchange.

# Glossary of terms

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## IPO

An initial public offering (IPO) is when a company lists its shares on the stock market for the first time. It's sometimes called 'going public'.

## Issuances

Issuance is the process of providing new shares of the Trust to the market. Typically, this is done when an investment trust is trading at a premium and expands the capital available to the company.

## Net Asset Value

Net asset value (NAV) is a term used to describe the underlying value of a company minus any liabilities (debt). This term is common with investment trusts. If an investment trust is trading below its NAV, it's said to be trading at a discount. If the opposite is true, the investment trust is trading at a premium.

## Net debt to equity

This ratio measures a company's financial leverage to indicate what proportion of equity and debt the company has been using to finance its assets and its reliance on debt. It is calculated by dividing its net liabilities by shareholders' equity. If negative, it means that cash on hand exceeds debt.

## Market Cap

The total value of a publicly traded company's outstanding shares of stock. It is calculated by multiplying the current market price of a single share of the company's stock by the total number of shares.

## Price-to-earnings ratio

The price-to-earnings (PE) ratio tells you how much investors are willing to pay for every pound of profit a company delivers.

## Price to sales ratio

The ratio tells you how much investors are willing to pay for the sales a company has delivered. Sales are backwards-looking and are less subject to accountancy discrepancies than other metrics. This ratio is used for expressing the relative value of companies in relation to their sales.

## Private company

A company that is under private ownership. It is not listed on an exchange and shares are unavailable to the public.

## Public company

A company whose shares are traded, listed on an exchange and subject to the rules of an exchange and its regulator.

## Premium discount of share price to NAV

A discount to net asset value is a pricing situation that occurs when a fund's market trading price is lower than its net asset value (NAV).

## Share Price

What it would cost to buy one share in a company. The price of a share price is unfixed and can fluctuate according to market conditions. It can increase when a company is seen to perform well, or fall if performing less than expected.

## NASDAQ

National Association of Securities Dealers Automated Quotations. An American stock market that handles electronic securities trading around the world.

## Free cash flow

Free cash flow is the cash a company has remaining after covering its operational costs and maintaining or expanding its capital assets.

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**Thank you**

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## FTSE Russell

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