

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.**

**Resetting Edinburgh Worldwide on a path for growth and commitment to return up to £130 million to Shareholders**

The Board of Edinburgh Worldwide Investment Trust has today published a circular to shareholders setting out the following measures with a view to setting Edinburgh Worldwide on a path to renewed growth.

- Changes to team composition and structure to increase challenge and enhance performance
- Changes to process and approach to improve decision-making and portfolio discipline
- A restructuring of the portfolio to focus on a reduced number of holdings enabling more regular and deeper engagement with those companies
  - 60-100 companies versus 75-125 at present
  - Upper limit raised from \$5bn to level of the market capitalisation of the largest constituent of the Company's comparative index, the S&P Global Small Cap Index
- A commitment to shareholders to a capital return opportunity of up to £130m in 2025; and
- Seeking shareholder approvals to support these proposals.

Jonathan Simpson-Dent, Chair, said: "Today, we are sharing the outcome and actions from a detailed review of Edinburgh Worldwide's strategy, execution and recent performance. Our vision, to identify and manage a carefully selected portfolio of transformative businesses, has the potential to deliver outsized returns for shareholders. We have developed a comprehensive action plan to improve execution and, in addition, are committing to return up to £130 million to shareholders following a share buyback programme that has recently reduced our discount and been value accretive for shareholders. We believe that this wide-ranging package of changes will put the Trust back on a path for growth."

**Investors and media can download a video presentation by chair Jonathan Simpson-Dent which sets out the context and background to today's announcement. The video can be accessed using the link below:**

<https://www.bailliegifford.com/insights/ic-video/2024-q4-EWIT-resetting-a-path-for-growth-10051481/>

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## **FURTHER DETAILS ON PROPOSALS**

For many years the Trust has delivered strong returns for Shareholders by investing in transformative businesses operating at frontiers of innovation. However, in the last few years the Trust has underperformed against its objectives and peer group.

The Board has therefore undertaken a thorough review of its strategy, performance and processes in conjunction with the Manager and independent advisers. We are pleased to share the outcome of this review including a reaffirmation of our strategy and our comprehensive action plan to reset Edinburgh Worldwide on a path for growth.

We hope that Shareholders will be excited about this plan and the future of Edinburgh Worldwide. That said, the Board respects Shareholders' patience over recent years and we are also committing to return up to £130 million of capital to Shareholders.

The Board is proposing:

- **Reaffirmation of Edinburgh Worldwide's strategy**

The Board is enthusiastic about, and committed to, the Trust's vision and strategy to identify and access potential outsized returns from a carefully selected and managed portfolio of game-changing businesses that aim to transform end markets. The Trust's access to private companies such as SpaceX, and Psi Quantum, remains an important element of this strategy.

- **Reset action plan: a path for growth**

Having completed a rigorous appraisal of performance, the Board has concluded that Baillie Gifford has the right skills and expertise to deliver the strategy, though recognises that changes are necessary to improve performance. We have collectively agreed an action plan to return the Trust to a path for growth: enhancing team composition and structure with Luke Ward and Svetlana Viteva becoming co-managers alongside Douglas Brodie; rebalancing the portfolio to increase focus and resilience; broadening access to a larger pool of global Small Cap businesses and tightening execution decision making and discipline.

- **Commitment to share buyback and capital return programme of up to £130 million**

The Board is continuing to execute an active share buy-back programme while the shares trade on a meaningful discount and will consider other potential routes to return capital to Shareholders in 2025. Subject to normal capital adequacy requirements and receipt of Court and Shareholder approvals, the Board expects to have the ability to return up to £130 million of capital to Shareholders.

Taken together, the Board believe that this comprehensive action plan will reset Edinburgh Worldwide on a path for growth. We have been able to proceed immediately towards implementation for many of these actions, including changes in team structure and improved process around challenge and execution.

However, in order to be able to fully implement this action plan, two immediate Shareholder approvals are required. The purpose of the Circular is to provide further details relating to those specific proposals and to convene a General Meeting on Wednesday 18 December 2024 at 3 p.m. to approve:

- (i) the New Investment Policy which will enable increased focus in the portfolio and provide a potentially better balance and resilience to support improved returns; and
- (ii) subject to the Court approval, a reduction of the Trust's share premium account and increase in distributable reserves to provide headroom for the proposed active capital return and any future distributions to Shareholders.

The Board believes Edinburgh Worldwide has a unique and compelling mandate with an objective to deliver long-term attractiveness and outsized returns for Shareholders by investing in game-changing businesses at frontiers of innovation. We believe the detailed action plan and proposals can deliver this objective and reset the Trust on a path for growth while offering an opportunity for at least a partial exit for those Shareholders who desire it.

Accordingly, we recommend that Shareholders vote in favour of the Resolutions, and thank you for your continued support on this exciting journey.

## **MATTERS FOR SHAREHOLDER APPROVAL**

### **1 Resolution 1 - change of investment policy**

The Company proposes to amend its existing investment policy to increase focus and access to a broader pool of opportunities. The Company's existing investment objective and policy and the New Investment Policy are set out in full in Part 3 of the Circular.

The Listing Rules require any proposed material changes to the Company's published investment policy to be submitted to the FCA for prior approval. The FCA has approved the New Investment Policy. The Listing Rules also require Shareholder approval prior to any material changes being made to the Company's published investment policy and the Board is seeking this approval at the General Meeting.

#### **1.1 Reduce the number of holdings in the portfolio**

The Company currently aims to spread risk by having 75 to 125 companies in its equity portfolio. The Review suggested that a more focused portfolio could benefit Shareholders allowing for closer scrutiny by the Managers whilst still providing diversity. Therefore, a new range of 60 to 100 companies is proposed.

#### **1.2 Increase the market capitalisation threshold for target companies**

The Company currently has a market capitalisation limit at the point of initial investment of an investee company set as being typically in companies with a market capitalisation of less than US\$5 billion – there is no market capitalisation limit once a company is held. This limit was set in 2014 and the size of global small cap companies has since increased. The Board and the Manager believe an increased threshold will increase the Company's ability to access global small cap investment opportunities.

It is therefore proposed to increase the maximum market capitalisation limit to match the largest constituent of the Company's comparative index, the S&P Global Small Cap Index. This index rebalances annually in September and as at 30 September 2024 the market capitalisation of the largest constituent of the index was US\$29.5 billion (source: S&P Global). The move from an explicit fixed limit to one that is linked to the Company's comparative index should reduce the need to make further future changes to the investment policy.

**In order to fully introduce the changes to the investment process, the New Investment Policy must be implemented and therefore approved by Shareholders at the General Meeting.**

If the New Investment Policy is not approved, it would limit the team's ability to fully refine the investment process. It would force them to hold a larger number of companies than they now deem ideal, and they would be prevented from looking at companies which are potentially most relevant to the investment strategy.

## **2 Resolution 2 – Reduction of share premium account**

In order to provide the Board with additional headroom to continue the active capital return programme and any future distributions to Shareholders we are seeking to reduce the share premium account. This is a technical legal measure required by law in Scotland and which we do not believe will impact on the net asset value of the Company or its financial stability. The Company has built up a substantial share premium account owing to the high level of historic issuance of the shares with approximately £499,723,527 currently standing to the share premium account. The share premium account is non-distributable. Under law any Share Premium Reduction must be approved by Shareholders and the Court.

The Board proposes, subject to Shareholder and Court approval, to cancel the amount standing to credit of the Company's share premium account. The resulting credit arising in the Company's books of account will then be credited to a new distributable reserve to be called the 'Distributable Capital Reserve', subject to any terms and conditions required by the Court in granting the order confirming the Share Premium Reduction. As a result, this Share Premium Reduction will provide a significant pool of reserves which can be used in future to fund distributions including dividends, and any returns of capital in accordance with applicable law, including any future tender offer and share buybacks.

The Board has thoroughly reviewed the Company's liabilities (including contingent liabilities) and is confident that the Company will satisfy the Court that, by the time the Court order and the statement of capital are registered with the Registrar of Companies, the Company's creditors will either have consented to the Share Premium Reduction or be sufficiently protected.

The Company intends that an application will be made to the Court to approve the Share Premium Reduction as soon as is reasonably practicable after the General Meeting, provided that Resolution 2 is approved by Shareholders.

The Board reserves the right to abandon or to discontinue (in whole or in part) the application to the Court in the event that the Board considers the terms on which the Share Premium Reduction would be (or would likely to be) confirmed by the Court, would not be in the best interests of the Company and/or the Shareholders as a whole.

**In order to fully implement the proposed return of capital to Shareholders the Company must increase its distributable reserves and therefore the Share Premium Reduction must be approved by Shareholders at the General Meeting.**

If the Share Premium Reduction is not approved by the Shareholders and the Court, it would limit the amount of capital which the Company is able to return to Shareholders.

## **3 Benefits to Shareholders**

The Board believes that the adoption of the New Investment Policy and the Share Premium Reduction will have the following benefits for the Shareholders:

- **More focused portfolio with fewer holdings**

Reducing the range of holdings will allow the Managers to invest more time scrutinising and managing existing holdings and on their portfolio construction strategy, benefitting long-term Shareholder returns.

- **Increased access and investment flexibility**

The New Investment Policy allows for investment in business with higher market capitalisation, reflecting an increase in small cap benchmarks over time. The Board and the Manager believe that a higher threshold would increase the Company's ability to access exciting global emerging investment opportunities as well as adding resilience and balance to the portfolio through market cycles.

- **Increased distributable reserves**

The Share Premium Reduction will increase the distributable reserves of the Company to support any future distributions to Shareholders including dividends, buybacks and any other forms of return of capital, such as a tender offer.

#### **4 The General Meeting**

Set out at the end of the Circular is a notice convening the General Meeting at which the Shareholders will be asked to consider and, if thought fit, approve the Resolutions. The General Meeting is to be held at 3 p.m. on 18 December 2024 at the offices of Dentons UK and Middle East LLP, 1 Fleet Place, London EC4M 7WS.

- **Resolution 1** is being proposed as an ordinary resolution and will therefore require that more than 50 per cent. of the votes cast in person or by proxy are voted in favour of it in order to be passed.
- **Resolution 2** is being proposed as a special resolution and will therefore require that not less than 75 per cent. of the votes cast in person or by proxy are voted in favour of it in order to be passed.

All Shareholders are entitled to attend and vote at the General Meeting. The vote shall be taken on a poll. In accordance with the Company's Articles, all Shareholders entitled to vote and present in person or by proxy upon a poll shall have one vote in respect of every Ordinary Share held or represented by them.

#### **5 Action to be taken by Shareholders**

Shareholders will find enclosed with the Circular a Form of Proxy for use in relation to the General Meeting.

To be valid for use at the General Meeting, the Form of Proxy accompanying this Circular must be completed and returned, in accordance with the instructions printed on it, so as to be received by the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible, but in any event not later than 3 p.m. on 16 December 2024.

As an alternative to completing the Form of Proxy, Shareholders can appoint a proxy electronically via the Registrar's online voting portal [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). For an electronic proxy appointment to be valid, your appointment must be received by the Registrar no later than 3 p.m. on 16 December 2024.

#### **5 Recommendation by the Board**

**The Directors consider the adoption of the New Investment Policy and the Share Premium Reduction to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions.**

The Directors intend to vote in favour of the Resolutions in respect of their own beneficial holdings of Ordinary Shares, amounting to 285,636 Ordinary Shares (representing approximately 0.08 per cent. of the issued share capital of the Company (excluding treasury shares) as at the latest practicable date prior to publication of the Circular).

**INVESTMENT OBJECTIVE AND POLICY**

The text in bold and underline denotes the additional language in the New Investment Policy. The strikethroughs denote parts which have been removed.

<b>Current Investment Objective and Policy</b>	<b>New Investment Objective and Policy</b>
<p><u>Investment Objective</u></p> <p>Edinburgh Worldwide’s investment objective is the achievement of long term capital growth by investing primarily in listed companies throughout the world.</p> <p><u>Investment policy</u></p> <p>While the policy is global investment, the approach adopted is to construct a portfolio through the identification of individual companies which offer long term growth potential, normally over at least a five year horizon and which typically have a market capitalisation of less than US\$5 billion at the time of initial investment.</p> <p>The portfolio is actively managed and does not seek to track the comparative index hence a degree of volatility against the index is inevitable.</p> <p>In constructing the equity portfolio a spread of risk is achieved by diversifying the portfolio through investment in:</p> <ul style="list-style-type: none"> <li>• 75 to 125 companies;</li> <li>• a minimum of 6 countries; and</li> <li>• a minimum of 15 industries.</li> </ul> <p>On acquisition, no holding shall exceed 5% of total assets and no more than 15% of the Company’s total assets will be invested in other listed investment companies.</p>	<p><u>Investment Objective</u></p> <p>Edinburgh Worldwide’s investment objective is the achievement of long term capital growth by investing primarily in listed companies throughout the world.</p> <p><u>Investment policy</u></p> <p>While the policy is global investment, the approach adopted is to construct a portfolio through the identification of individual companies which offer long term growth potential, normally over at least a five year horizon and which <del>typically have a market capitalisation of less than \$5 billion at the time of initial investment</del> <b><u>at the point of initial investment have a market capitalisation no greater than the market capitalisation of the largest constituent of the Company’s comparative index* measured by market capitalisation.</u></b></p> <p>The portfolio is actively managed and does not seek to track the comparative index hence volatility against the index is inevitable.</p> <p>In constructing the equity portfolio a spread of risk is achieved by diversifying the portfolio through investment in:</p> <ul style="list-style-type: none"> <li>• <del>75 to 125 companies;</del></li> <li>• <b><u>60 to 100 companies;</u></b></li> <li>• a minimum of 6 countries; and</li> <li>• a minimum of 15 industries.</li> </ul> <p>On acquisition, no holding shall exceed 5% of total assets. <del>and no</del></p> <p>No more than 15% of the Company’s total assets will be invested in other listed investment companies.</p>

No more than 10% of the Company's total assets will be invested in other pooled vehicles, such as open ended funds.

Unlisted investments may be held. On acquisition of any unlisted investment, the Company's aggregate holding in unlisted investments shall not exceed 25% of total assets.

From time to time, fixed interest holdings or non equity investments, may be held on an opportunistic basis.

Derivative instruments are not normally used but, in certain circumstances and with the prior approval of the Board, their use may be considered either as a hedge or to exploit an investment opportunity.

The Company recognises the long term advantages of gearing and would seek to have a maximum gearing level of 30% of shareholders' funds in the absence of exceptional market conditions.

Borrowings are invested when it is considered that investment grounds merit the Company taking a geared position. Gearing levels, and the extent of gearing, are discussed by the Board and Managers at every Board Meeting.

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**\*The Company's comparative index is the S&P Global Small Cap Index total return (in sterling terms).**

A copy of the Circular has been submitted to the National Storage Mechanism and will shortly be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>. The Circular will also shortly be available on the Company's website at [www.edinburghworldwide.co.uk](http://www.edinburghworldwide.co.uk) where further information on the Company including a video from the Chair can also be found. 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.

Capitalised terms used but not defined in this announcement will have the same meaning as set out in the Circular dated 20 November 2024.

#### Inside Information

The information contained within this announcement is deemed by Edinburgh Worldwide Investment Trust plc to constitute inside information as stipulated under the Market Abuse Regulations (EU) No.596/2014 (as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018). On the publication of this announcement via a Regulatory Information Service, such information is now considered to be in the public domain.

The person responsible for making this announcement is Alex Blake.