

# Edinburgh Worldwide Investment Trust plc

## RNS Announcement: Results

# Edinburgh Worldwide Investment Trust plc

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### **Legal Entity Identifier: 213800JUA8RKIDDLH380**

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

The following is the results announcement for the year to 31 October 2021 which was approved by the Board on 9 December 2021.

### **Results for the year to 31 October 2021**

- Over the year to 31 October 2021 the Company's net asset value per share, cum income with debt at fair value, increased by 18.3% and the share price by 11.1%. The comparative index, the S&P Global Small Cap Index\* total return, increased by 35.9% in sterling terms.
- A number of the Company's holdings contributed to the positive performance, notably: Tesla, an electric car, autonomous driving and solar energy company, Codexis, an industrial and pharmaceutical enzyme developer, Upwork, an online freelancing and recruitment services platform and unlisted PsiQuantum, a developer of commercial quantum computing. In addition, the formerly private company QuantumScape, a developer of solid state lithium metal batteries for electric cars, and Oxford Nanopore, a DNA sequencer, both of which listed during the year.
- The Company's portfolio has been managed with a focus on the opportunity set lower down the market capitalisation spectrum since the end of January 2014. It is pleasing to note the 280.7% growth in the NAV since then is significantly ahead of the 149.9% achieved by the comparative index.
- No final dividend is being paid. Should the level of underlying income increase in future years, the Board will seek to distribute the minimum permissible to maintain investment trust status as the Company's objective remains that of generating capital growth.
- Over the course of the financial year, the Company issued over 50.9 million new shares at a premium to its NAV, raising net proceeds of £182.2 million.
- As at the financial year end, the Company held twelve unlisted investments accounting for 10.8% of total assets (2020 – 5.8% of total assets in nine holdings). As part of this year's Annual General Meeting business, shareholder authority is being sought to increase the permitted investment in unlisted investments from the current 15% to a proposed 25% of total assets, as measured at the time of initial investment.

\* Source: Refinitiv 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.*

Edinburgh Worldwide's objective is the achievement of long term capital growth by investing primarily in listed companies throughout the world. The Trust has total assets of £1,407.5 million (before deduction of loans of £66.2 million) as at 31 October 2021.

Edinburgh Worldwide is managed by Baillie Gifford & Co Limited, the Edinburgh based fund management group with over £330 billion under management and advice as at 9 December 2021.

*Past performance is not a guide to future performance.*

*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*

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*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](http://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.

10 December 2021

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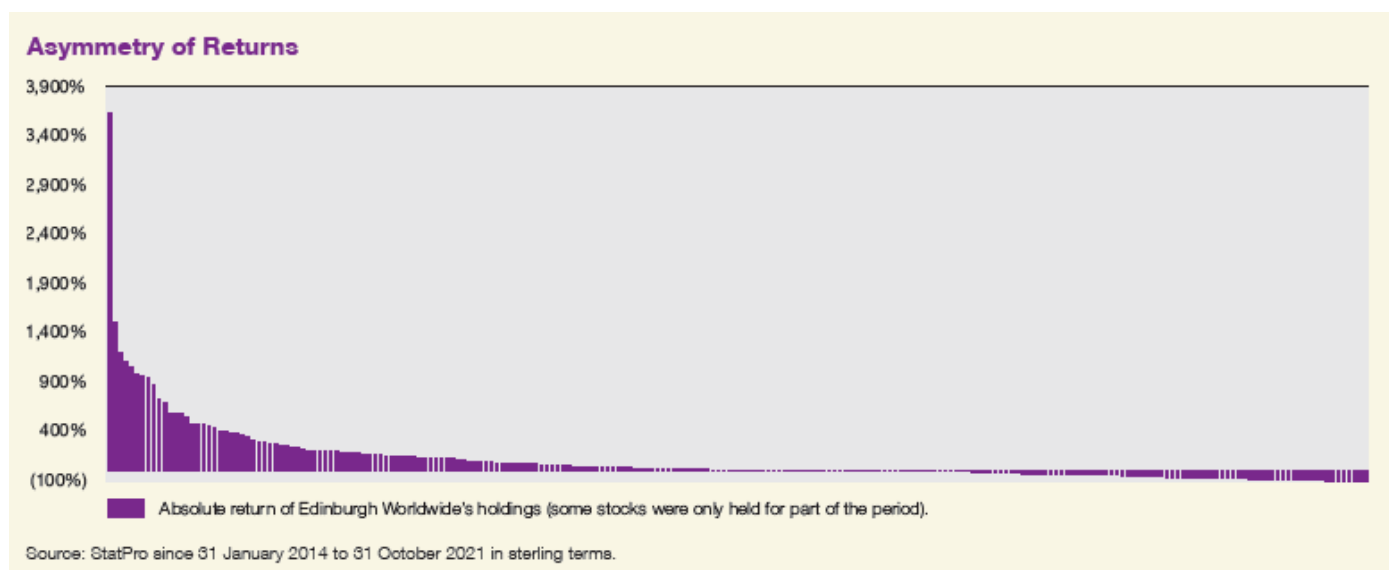
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## Chairman's Statement

### Performance

In the year to 31 October 2021, the Company's net asset value ('NAV') per share, when calculated by deducting borrowings at fair value, increased by 18.3% and the share price by 11.1%, both in total return terms. The comparative index, the S&P Global Small Cap Index\* total return, increased by 35.9% in sterling terms during this period. The Company finished the year with a market capitalisation of £1,294.6 million and total assets of £1,407.5 million. Over the course of the financial year the share price averaged a 0.7% premium to net assets, with borrowings deducted at fair value. Portfolio turnover<sup>†</sup> was 9.1% compared to 8.4% for the Company's financial year to 31 October 2020 and the ongoing charge has reduced to 0.66% from 0.72%. The Company's portfolio has been managed with a focus on the opportunity set lower down the market capitalisation spectrum since the end of January 2014. It is pleasing to note the 280.7% growth in the NAV since then is significantly ahead of the 149.9% achieved by the comparative index. The chart below shows the distribution of returns for all the stocks held within the portfolio since 31 January 2014; each bar representing the return of each stock whilst held in the portfolio. This cumulative period holding analysis shows the broad distribution of returns achieved by the holdings from time of initial purchase to 31 October 2021 or the date in which the holding was fully sold from the portfolio.

### Asymmetry of Returns



Whilst it is understandably disappointing to report relative underperformance for the year to 31 October 2021, this should be set in the context of positive absolute returns and this being the first financial year of relative NAV underperformance since the financial year to 31 October 2016. Over the year, the top contributors to relative and absolute performance included Tesla, an electric car, autonomous driving and solar energy company, Codexis, an industrial and pharmaceutical enzyme developer, Upwork, an online freelancing and recruitment services platform and unlisted PsiQuantum, a developer of commercial quantum computing. In addition, the formerly private company QuantumScape, a developer of solid state lithium metal batteries for electric cars, and Oxford Nanopore, a DNA sequencer, both of which listed during the year. The top detractors to relative and absolute performance over the year are names that rank amongst the top contributors to performance over five years: LendingTree, an online consumer finance marketplace, MarketAxess, an electronic bond trading platform, and Ocado, an online grocery retailer and technology provider.

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## **Share Buybacks, Treasury and Issuance**

The Company will once again be seeking to renew its share buyback, issuance and treasury share authorities. The buyback facility is sought to allow the Company to buy back its own shares when the discount is substantial in absolute terms and relative to its peers. Issuance, either from treasury or of new shares, will only be undertaken at a premium to the prevailing NAV, with debt calculated at par, in order to satisfy natural market demand. Issuance at a premium enhances the NAV per share for existing shareholders, dilutes ongoing costs and helps with the trading liquidity of the shares of the Company.

Over the course of the last financial year, the Company issued 50.9 million new shares at a premium to its NAV, raising net proceeds of £182.2 million and increasing the NAV per share by 0.32%. This equates to 14.4% of the issued share capital at the start of the year. Growth in assets along with the Company's tiered management fee has contributed to the reduction in the Company's ongoing charges for the year.

## **Unlisted Investments**

The Managers have shareholder authority to invest up to 15% of the Company's total assets, at the time of initial investment, in unlisted investments. As at the Company's year end, the portfolio weighting in private companies stood at 10.8% of total assets, invested in twelve companies (2020 – 5.8% of total assets in nine companies). Six new private company investments were made during the year: Relativity Space, a 3D printing and aerospace launch company, QuantumScape which has now listed, Astranis Space Technologies, a geostationary communications satellite operator and manufacturer, Shine Technologies (Illuminated Holdings), producer of medical radiosopes, Snyk, a software security developer, and Lightning Labs, a money transfer software developer.

At the Company's Annual General meeting ('AGM') held on 23 January 2019, shareholders approved an increase in the permissible limit of investment in unlisted investments from 5% to 15% of total assets at the time of initial investment. As part of the 2 February 2022 AGM business, the Board is seeking shareholder approval to increase this authority to 25% as the Board and Managers are of the view that private companies are becoming an increasingly relevant part of the Company's objective; to invest in a global portfolio of initially immature entrepreneurial companies, typically with a market capitalisation of less than US\$5 billion at the time of initial investment, which are believed to offer long-term growth potential.

Accelerating improvements in technology are reducing the capital and time needed for young businesses to both experiment with and scale their product offerings. For many new entrepreneurs this is delaying the need for a public fundraising or resulting in some really exceptional companies entering the stock market when they are larger and more mature, and the rising availability of private capital is serving to compound this shift. In 2006, 18 private companies globally had valuations of over US\$500 million with an aggregate value of US\$18 billion. As of the end of 2020 there were 923 companies with valuations of over US\$500 million, and an aggregate value of US\$2.2 trillion. This makes this market approximately the same size as the S&P MidCap 400 index. As at 31 October 2021, Baillie Gifford had £4 billion invested in 73 private companies across 14 countries.

Given the potential for this to be an increasingly valuable source of investment ideas for Edinburgh Worldwide and Baillie Gifford's growing capability to deploy capital here, the Board would like the Managers to have flexibility to invest a greater portion of the Company's assets in private companies as suitable opportunities arise. This would allow better scope for long term asymmetry to play out within existing private holdings without limiting the Managers' ability to invest opportunistically in new ideas in the future. The number of private holdings is expected to continue increasing gradually whilst several more businesses will also undertake public listings in the fullness of time, as has been the case to date with, for example, Oxford Nanopore, QuantumScape and Spire Global this year.

Over the last seven years, Edinburgh Worldwide has invested in eighteen private companies and the weighting has risen from 0% to a little under 11% of the Company's assets as at 31 October 2021. Depending on the outcome of the shareholder vote, and in due course reflecting on future investor sentiment at the time towards private companies and the investable opportunity set, and the performance being generated from such holdings, the Board will keep the matter of the weighting to unlisted investments under review.

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## **Borrowings**

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. Over the year, the invested equity gearing ranged between -2.7% and +2.6%, and stood at +2.5% of shareholders' funds at the financial year end (2020 – +0.9%).

During the period, the Company entered into a new 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. This facility is in addition to the existing five year £25 million multi-currency revolving credit facility, with National Australia Bank Limited, with an expiry date of 29 June 2023 and the five year £36 million multi-currency revolving credit facility, with National Australia Bank Limited, with an expiry date of 30 September 2024. As at 31 October 2021, the Company had drawings of €7,200,000, US\$53,150,000 and £21,300,000.

## **Earnings and Dividend**

The Company's objective is that of generating capital growth and investors should not expect any income from this investment. This year the net revenue return per share was a negative 0.62p (2020 – negative 0.46p per share). As the revenue account is running at a deficit, 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 and Ceiling on Aggregate Remuneration**

During the course of the year, Mr William Ducas retired from the Board. I would like to place on record my and the Board's thanks for his contribution to Company discussions and his pragmatic advice and guidance. There are no changes expected in Board composition over the coming year although Mr Donald Cameron has highlighted to colleagues that he is unlikely to stand for re-election at the Company's 2023 AGM.

The current aggregate remuneration ceiling for Directors' fees is set at £200,000 per annum. Based on the level of aggregate remuneration expected to be paid for the financial year ending 31 October 2022 (£182,500 – being £40,500 for the Chairman, £27,000 for each Director, an additional £6,000 for the Chairman of the Audit and Management Engagement Committee and an additional £1,000 for the Senior Independent Director), should the Board wish to appoint a new Director the aggregate fees would likely exceed the current authorised limit. Accordingly, it is proposed that, pursuant to Resolution 14, as set out in the Notice of Annual General Meeting, the maximum permissible aggregate amount of fees payable to the Directors be increased to £250,000 per annum in aggregate.

## **Investment Outlook**

Markets continued to rise notably until the tail end of the first quarter of 2021 and subsequently declined due in part to concerns regarding future inflation and dislocated supply, largely as a result of Covid-19 and the measures put in place to curb its impact on businesses. More recently, market sentiment has been pushed and pulled by attempts at 'normality' against a backdrop of new virus variants and a Chinese regulatory clampdown. However, there are now signs that markets are becoming more fundamentals-led rather than momentum driven.

As mentioned in the past, your portfolio managers continue to direct their efforts to picking the best entrepreneurial, immature growth companies that create and exploit investment opportunities, and which exhibit excellent long-term growth prospects and the potential for positive long term returns wherever they are listed and whatever the macro backdrop. Whilst markets exhibit volatility, the investment trust structure permits the portfolio managers and discerning long-term investors to take positions in exciting, dynamic and innovative companies for the long term.

An overview of the portfolio is provided on pages 13 and 15 of the Annual Report and .Financial Statements.

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## **Annual General Meeting**

As part of the Company's AGM business, the Company is seeking to update its Articles of Association, details of which can be found on page 71 of the Annual Report and Financial Statements. The principal proposed change regards the ability to hold hybrid AGMs, permitting, in extremis circumstances such as those resulting from Covid-19, shareholders to attend by electronic means as well as in person. It is however intended that future meetings be physical unless restrictions prohibiting this are in force at the time.

It is anticipated that the Company's next AGM will be held in person and be held at Baillie Gifford's offices in Edinburgh at 12 noon on Wednesday 2 February 2022. The Managers will be presenting and I and the Board look to see as many of you there as possible.

Should the situation change, further information will be made available through the Company's website at [edinburghworldwide.co.uk](http://edinburghworldwide.co.uk) and the London Stock Exchange regulatory news service. 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 on pages 68 to 70 of the Annual Report and Financial Statements. Shareholders who hold shares in their own name on the main register will be provided with a Form of Proxy and there are also special arrangements for holders of shares through the abrdn Investment Trusts Share Plan, Individual Savings Account and Investment Plan for Children who are provided with a Form of Direction. If you hold shares through a share platform or other nominee, the Board would encourage you to contact these organisations directly as soon as possible to arrange for you to submit votes in advance of the AGM.

Henry CT Strutt  
Chairman  
9 December 2021

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

*† calculated by dividing the value of sales by the average of the opening and closing value of the investment portfolio.*

*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.*



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## Managers' Review

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### **What We Seek to Offer**

Edinburgh Worldwide Investment Trust's philosophy is one where we seek ambitious, problem-solving companies with what we believe to be excellent long-term growth potential. By identifying attractive growth companies earlier, we seek to benefit during the most dynamic phase of a company's lifecycle and retain ownership of successful companies as they grow and thrive. It's an approach that requires patience, a long-term mindset and recognition that progress in young companies rarely happens in a straight line. The solutions that our holdings are working towards are not designed to be transient or modestly incremental. Should they succeed the likelihood is that they will embed themselves as key drivers of their respective industries in the years that follow.

Our style of investing is one in which many of our ideas will ultimately fail to live up to our lofty aspirations for them. Rather than fret about this we view it as an inevitable outcome of our bias towards immature companies with long-term potential. Occasionally, that failure can be abrupt, with clear implications for the viability of the business and the capital invested. For others, it will be much less spectacular: a solid business emerges with acceptable returns for investors but with nagging frustration that the outcomes could have been much better. But some companies (and it's the minority) will both surprise and delight: their initial traction in opening new avenues for growth will likely make our original hypothesis look rather feeble. This wide range of outcomes is evident in the asymmetry of returns chart shown in the Chairman's statement.

It's from this extreme dispersion of outcomes that we actively desire long-term returns to be moulded. Sorting the deep winners from the losers and the also-rans takes both time and patience. The differentiating factors that drive that outcome will most likely be formed within the individual companies themselves, refined further by their operating environment and lastly polished through the actions of their shareholders. Attempting to take the readout on that experiment at anything less than five years will probably not tell you very much. It's for this reason that we view the NAV performance in the year ended 31 October 2021 as more an observation. It's effectively a snapshot that probably conveys more about the prevailing narrative within stock markets than a useful barometer on how our approach is faring. With Edinburgh Worldwide's NAV having risen by 203% over the five years to the end of October 2021 (versus the 69% rise in the comparative index\*) we think the evidence leans towards our philosophy having long-term merit.

Implicit in the dispersion of winners versus losers discussed above is the direct link between a company's progress and the magnitude of the investment returns that it can generate. A company's operational success will translate ultimately into cashflow, the present value of which investors can use to judge a company's intrinsic value. But the notion of a company's cashflow (or its more relatable cousin, profits) is not an abstract one that resides in a CFO's or investment analyst's spreadsheet. It's the output of a myriad of interactions and decisions involving the company and its surroundings. *How* those cashflows are produced and *how* they impact a wider group of stakeholders, society and the environment, will also be crucial determinants of not only their size, but their long-term durability and permissibility. Consequently, the notion of sustainability, in all its guises, is something we believe to be deeply ingrained in bona fide long-term growth investing.

In Edinburgh Worldwide, we think our remit and philosophy enable us to go a step further. We have long found that the most interesting companies are invariably those that position themselves on the frontiers of socio-economic change, rather than shy away from it. They are the ones that address the most pressing questions, seek to tackle the largest problems and build solutions that seek to drive the world forward. For such companies, sustainability is not just the *how* they go about operating, it's also the *why*: *why* they exist, *why* society should care and *why*, ultimately, they might be an outstanding investment opportunity.

We think our focus on companies pursuing durable long-term progress, improving outcomes and reducing both costs and frictions across a range of diverse areas, means that the portfolio is well-positioned to participate in the change that will follow. Moreover, through provision of primary capital to private companies we think that role can become more active.

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## Observations and Portfolio Update

The past year has seen stock markets wrestle with a world trying to get back to normal and the oscillations from optimism to fear seem even more pronounced than usual. Second and third order effects related to the pandemic will likely persist but predicting these with conviction is difficult and can arguably be a distraction from our core task (although we are mindful of the opportunities they may create in markets prone to overreaction). In the near-term, we expect that supply-demand imbalances will persist, behaviours of consumers and businesses will be hard to predict and the overall level of uncertainty will remain elevated. Against such a backdrop we expect the narrative and typical time horizon in equity markets to remain skewed to a ‘here and now’ mindset.

The second and third quarter reporting periods have been atypical in that companies were annualising the immediate impact of the pandemic. For some companies this presents as a recovery-type boost but for several of our companies, especially those that were natural beneficiaries of the pandemic (e.g. Telemedicine providers or ecommerce businesses) this period has been one where the comparator has been tough. As previously discussed, we are more intrigued by how the fortunes of such businesses have been transformed on a multi-year, perhaps even a multi-decade basis. Annualising an extreme base effect often excites stock markets but it tends to tell you very little of relevance to the real long-term progress of a business.

For companies such as Teladoc, the stock market’s questioning relates to a modest near-term membership growth opportunity. Yet we think the evidence of the company going much deeper with existing members is much more reflective of the value being built. Likewise, with Ocado the shrinking basket size and limited near-term growth could be expected from a business that was running at well above optimal capacity a year ago. Much more relevant in our minds is the increasingly delighted noises emerging from its grocery partners as they go live with their Ocado-enabled facilities.

A notable area of weakness in the portfolio has been our Chinese stocks. Referring to our holdings by geographic location always feels rather odd to us but is probably justified in this context, given the challenges that have emerged. We prefer to simplify the debate on China investing to two key axes. The first axis is a geopolitical one. The roots here extend well beyond the recent months but the ‘who lists where and why’ and ‘where do companies keep sensitive customer data’ arguments don’t feel like they will be resolved imminently. The second axis is arguably a bit easier for investors to have a considered view on, namely domestic Chinese companies where the accrued power and influence have begun to sit at odds with the more holistic, openly socialist approach of the governing party. Certain sectors have been singled out for intervention, most obviously those involved in aspects of lending, education and gaming. For some of our holdings such as Huya and Agora this has created headwinds, even if the impact on these businesses is much more indirect than direct.

In actively looking for companies that are innovating and trying to move the world forward we believe we are concentrating on an opportunity set whose own actions will be the greatest determinant of their own success or failure. As observers along frontiers of innovation in a wide range of industries and applications, we continue to be excited by the opportunities that abound. Consequently, we feel that the current portfolio and investment approach is as relevant as it’s ever been. We think this is well illustrated by the eleven new purchases we reported on in the Interim Report to the end of April 2021 and is reinforced by the further five names (two listed businesses and three private) we purchased over the subsequent six months. We introduce these below:

— **ITM Power** is a UK company which designs and manufactures PEM electrolyzers (proton exchange membrane). Electrolyzers are devices that produce hydrogen gas using electricity and water as inputs (with oxygen gas as a side-product). The hydrogen gas can then be used as chemical feedstock or it can be consumed in a fuel cell to yield back energy and water. With the declining cost of renewable energy and mounting imperative across society and industry of net zero targets, we see the prospect of the much-heralded hydrogen economy being transformed over the coming decades. Green electrolyser-derived hydrogen is likely to be the most viable route for many heavy emitting industries to decarbonise. While batteries are a practical energy store in many applications, when the energy storage requirement is long term and the utilisation conditions are more demanding, the benefits of hydrogen come to the fore. ITM is among the major electrolyser producers that cater to this opportunity. It focuses uniquely on the more differentiated PEM type electrolyzers and has the largest PEM manufacturing capacity.

— **Shine Technologies** (Illuminated Holdings) is a private nuclear technology company, with an initial focus on the production of medical radioisotopes for diagnostic and therapeutic procedures. The company’s approach offers



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several advantages here, being cleaner, safer and more affordable to operate than legacy infrastructure. It also addresses a growing gap between the supply and demand for these important products within healthcare systems around the world. Longer term, Shine has a path to leverage this technology and operating experience into larger and more transformational opportunities around nuclear waste recycling and the production of clean fusion energy.

— **Snyk** is a private IT security company focused on the growing opportunity in application development. It offers a toolkit for software developers that allows them to detect vulnerabilities and fix bugs themselves, embedding security functions at an early stage and significantly improving the pace at which the software can be signed off and released for use. We think such tools will become increasingly standard in the software application development cycle as Snyk has the synergistic advantage of appealing to both the developer community and those tasked to maintain the robustness of a company's overall IT operations. As more code is tested against, and modified by, Snyk's toolkit we think the company will be well positioned to create a valuable data advantage that will become increasingly hard for others to replicate.

— **Angelalign** is China's leading domestic provider of invisible orthodontic products. The clear aligners market in China is relatively small but growing rapidly, underpinned by secular drivers like greater awareness of dental care and aesthetics associated with increasing disposable incomes. Angelalign effectively democratises access to such orthodontic treatments by empowering all dental professionals, not just the limited number of orthodontic specialists. We are encouraged by its success so far and with the founding management team still in place, we believe it can become the dominant player in this rapidly expanding market.

— **Lightning Labs** is a private San Francisco-based company which was founded to drive the adoption of, and to commercialise, the Bitcoin Lightning Network, an open source project which operates as a second layer built on top of Bitcoin. The Lightning Network substantially improves Bitcoin's utility by enabling scalable, instantaneous and nearly free payments. The software designed and maintained by Lightning Labs is quickly gaining traction among developers seeking to build Lightning applications. It has the potential to establish itself as the go-to codebase not only for payment applications but for incipient higher-level protocols for programmatically routing any data/value over the Lightning Network. It does this instantly, privately and at exceptionally low cost. While early, we are intrigued by the potential for Lightning Labs to become a key infrastructure provider in the emerging Bitcoin ecosystem.

We sold the position in Cloudera following a takeover offer from private equity. We also exited the holding in Yext. Our original investment hypothesis was that Yext was well-placed to carve out a highly differentiated position in the increasingly important area of corporate knowledge management. The product roadmap since has diverged from what we perceive to be Yext's core skillset and competitive strength.

\* S&P Global Small Cap Index total return (in sterling terms). Source: Refinitiv and relevant underlying index providers. See disclaimer at the end of this announcement.

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## Investment Philosophy

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Most small businesses are destined to stay small given their limited scope for both structural growth and meaningful differentiation. Such businesses constitute the bulk of the smaller companies' universe yet are of no appeal to us. However, what is intriguing about the smaller companies' universe is that it contains a subset of immature but potentially high growth companies. By identifying attractive growth companies earlier we seek to benefit from growth at an earlier stage in a company's lifecycle and retain ownership of successful companies as they grow and thrive; we see our role as investing in what are potentially the larger companies of the future as opposed to the smaller companies of today.

We are looking to concentrate on the part of the market where we believe our analytical effort and the pursuit of genuinely transformational growth can be better exploited. The focus at time of initial investment is on younger, more immature companies that are global and exhibiting strong growth.

It is important to remember that big successful ideas typically start out as small, tentative and unproven. Early iterations are easy to dismiss as unworkable but experimentation with, and evolution of, an initially raw concept can, over time, yield huge commercial relevance. Our philosophy involves weighing up what is proven and tangible alongside what has promise and long term potential. Integral to this approach is recognising the role of innovation in business development; it provides the fuel for business creation, growth and long term competitive differentiation. Consequently, identifying companies that value innovation, having both a cultural acceptance of it and a means to develop commercial opportunities around it, is fundamental to our investment approach.

Growth companies, especially those which are young and hard to model, are difficult businesses to value. The wide range of potential outcomes and profitability that is heavily skewed to future years is a combination of uncertainties that many investors struggle with. We do not have all the answers but by approaching the challenge with a genuine long term perspective, accepting a degree of uncertainty, backing robust innovation and entrepreneurial management, we believe we are well positioned to identify the smaller businesses most likely to shape the world in which we live. As technological advancements encroach into an increasing pool of opportunity, the rate and extent of growth that a small business can achieve, in a relatively short period of time, is almost unrecognisable to that of a few years ago. Innovative smaller businesses that are unburdened by the legacy of historic business practices, or those willing to adapt to change, are best positioned to harness this opportunity.

## Baillie Gifford Statement on Stewardship Reclaiming Activism for Long-Term Investors

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### Reclaiming Activism for Long-Term Investors

Baillie Gifford's over-arching ethos is that we are 'actual' investors. We have a responsibility to behave as supportive and constructively engaged long-term investors. We invest in companies at different stages in their evolution, across vastly different industries and geographies and we celebrate their uniqueness. Consequently, we are wary of prescriptive policies and rules, believing that these often run counter to thoughtful and beneficial corporate stewardship. Our approach favours a small number of simple principles which help shape our interactions with companies.

## Our Stewardship Principles

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### Prioritisation of long-term value creation

We encourage company management and their boards to be ambitious and focus their investments on long-term value creation. We understand that it is easy for businesses to be influenced by short-sighted demands for profit maximisation but believe these often lead to sub-optimal long-term outcomes. We regard it as our responsibility to steer businesses away from destructive financial engineering towards activities that create genuine economic value over the long run. We are happy that our value will often be in supporting management when others do not.

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## **A constructive and purposeful board**

We believe that boards play a key role in supporting corporate success and representing the interests of minority shareholders. There is no fixed formula, but it is our expectation that boards have the resources, cognitive diversity and information they need to fulfil these responsibilities. We believe that a board works best when there is strong independent representation able to assist, advise and constructively test the thinking of management.

## **Long-term focused remuneration with stretching targets**

We look for remuneration policies that are simple, transparent and reward superior strategic and operational endeavour. We believe incentive schemes can be important in driving behaviour, and we encourage policies which create alignment with genuine long-term shareholders. We are accepting of significant pay-outs to executives if these are commensurate with outstanding long-run value creation, but plans should not reward mediocre outcomes. We think that performance hurdles should be skewed towards long-term results and that remuneration plans should be subject to shareholder approval.

## **Fair treatment of stakeholders**

We believe it is in the long-term interests of companies to maintain strong relationships with all stakeholders, treating employees, customers, suppliers, governments and regulators in a fair and transparent manner. We do not believe in one-size-fits-all governance and we recognise that different shareholder structures are appropriate for different businesses. However, regardless of structure, companies must always respect the rights of all equity owners.

## **Sustainable business practices**

We look for companies to act as responsible corporate citizens, working within the spirit and not just the letter of the laws and regulations that govern them. We believe that corporate success will only be sustained if a business's long-run impact on society and the environment is taken into account. Management and boards should therefore understand and regularly review this aspect of their activities, disclosing such information publicly alongside plans for ongoing improvement.

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## Income statement

	For the year ended 31 October 2021			For the year ended 31 October 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	-	178,323	<b>178,323</b>	-	329,236	<b>329,236</b>
Currency losses	-	(1,631)	<b>(1,631)</b>	-	(1,360)	<b>(1,360)</b>
Income (note 2)	827	-	<b>827</b>	773	-	<b>773</b>
Investment management fee	(1,952)	(5,857)	<b>(7,809)</b>	(1,145)	(3,434)	<b>(4,579)</b>
Other administrative expenses	(907)	-	<b>(907)</b>	(715)	-	<b>(715)</b>
Net return before finance costs and taxation	(2,032)	170,835	<b>168,803</b>	(1,087)	324,442	<b>323,355</b>
Finance costs of borrowings	(340)	(1,019)	<b>(1,359)</b>	(331)	(991)	<b>(1,322)</b>
Net return before taxation	(2,372)	169,816	<b>167,444</b>	(1,418)	323,451	<b>322,033</b>
Tax	(50)	-	<b>(50)</b>	(61)	-	<b>(61)</b>
Net return after taxation	<b>(2,422)</b>	<b>169,816</b>	<b>167,394</b>	<b>(1,479)</b>	<b>323,451</b>	<b>321,972</b>
Net return per ordinary share (note 4)	<b>(0.62p)</b>	<b>43.37p</b>	<b>42.75p</b>	<b>(0.46p)</b>	<b>100.89p</b>	<b>100.43p</b>

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 published 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 profit and comprehensive income for the year.

# Edinburgh Worldwide Investment Trust plc

## Balance sheet

	At 31 October 2021 £'000	At 31 October 2020 £'000
<b>Fixed assets</b>		
Investments held at fair value through profit or loss (note 6)	<b>1,376,365</b>	1,002,194
<b>Current assets</b>		
Debtors	<b>322</b>	160
Cash and cash equivalents	<b>33,127</b>	40,894
	<b>33,449</b>	41,054
<b>Creditors</b>		
Amounts falling due within one year (note 8)	<b>(68,459)</b>	(51,514)
<b>Net current liabilities</b>	<b>(35,010)</b>	(10,460)
<b>Net assets</b>	<b>1,341,355</b>	991,734
<b>Capital and reserves</b>		
Share capital	<b>4,052</b>	3,543
Share premium account	<b>497,999</b>	316,281
Special reserve	<b>35,220</b>	35,220
Capital reserve	<b>808,197</b>	638,381
Revenue reserve	<b>(4,113)</b>	(1,691)
<b>Shareholders' funds</b>	<b>1,341,355</b>	991,734
<b>Net asset value per ordinary share</b>	<b>331.03p</b>	279.90p
<b>Ordinary shares in issue (note 9)</b>	<b>405,203,695</b>	354,318,695

# Edinburgh Worldwide Investment Trust plc

## Statement of changes in equity

For the year ended 31 October 2021

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 November 2020	3,543	316,281	35,220	638,381	(1,691)	<b>991,734</b>
Ordinary shares issued (note 9)	509	181,718	-	-	-	<b>182,227</b>
Net return after taxation	-	-	-	169,816	(2,422)	<b>167,394</b>
<b>Shareholders' funds at 31 October 2021</b>	<b>4,052</b>	<b>497,999</b>	<b>35,220</b>	<b>808,197</b>	<b>(4,113)</b>	<b>1,341,355</b>

For the year ended 31 October 2020

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 November 2019	3,026	183,754	35,220	314,930	(212)	<b>536,718</b>
Ordinary shares issued (note 9)	517	132,527	-	-	-	<b>133,044</b>
Net return after taxation	-	-	-	323,451	(1,479)	<b>321,972</b>
<b>Shareholders' funds at 31 October 2020</b>	<b>3,543</b>	<b>316,281</b>	<b>35,220</b>	<b>638,381</b>	<b>(1,691)</b>	<b>991,734</b>

\* The capital reserve balance as at 31 October 2021 includes investment holdings gains on fixed asset investments of £591,196,000 (2020 – gains of £476,217,000).



# Edinburgh Worldwide Investment Trust plc

## Cash flow statement

	For the year ended 31 October 2021		For the year ended 31 October 2020	
	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>				
Net return before taxation		<b>167,444</b>		322,033
Net gains on investments		<b>(178,323)</b>		(329,236)
Currency losses		<b>1,631</b>		1,360
Finance costs of borrowings		<b>1,359</b>		1,322
Overseas withholding tax incurred		<b>(50)</b>		(62)
Changes in debtors and creditors		<b>416</b>		623
<b>Cash from operations*</b>		<b>(7,523)</b>		<b>(3,960)</b>
Interest paid		<b>(1,244)</b>		(1,378)
<b>Net cash outflow from operating activities</b>		<b>(8,767)</b>		<b>(5,338)</b>
<b>Cash flows from investing activities</b>				
Acquisitions of investments	<b>(305,256)</b>		(164,843)	
Disposals of investments	<b>108,235</b>		65,917	
<b>Net cash outflow from investing activities</b>		<b>(197,021)</b>		<b>(98,926)</b>
<b>Cash flows from financing activities</b>				
Ordinary shares issued (note 9)	<b>182,227</b>		133,044	
Bank loans drawn down	<b>318,406</b>		198,933	
Bank loans repaid	<b>(299,373)</b>		(198,933)	
<b>Net cash inflow from financing activities</b>		<b>201,260</b>		<b>133,044</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(4,528)</b>		<b>28,780</b>
Exchange movements		<b>(3,239)</b>		(1,228)
Cash and cash equivalents at 1 November		<b>40,894</b>		13,342
<b>Cash and cash equivalents at 31 October</b>		<b>33,127</b>		<b>40,894</b>

\* Cash from operations includes dividends received of £781,000 (2020 - £727,000) and no deposit interest received (2020 - £60,000)

# Edinburgh Worldwide Investment Trust plc

## Twenty largest holdings and Twelve Month Performance at 31 October 2021

Name	Business	Country	Fair Value 2021 £'000	% of total assets*	Absolute† performance %	Relative† performance %
Tesla	Electric vehicles, autonomous driving and solar energy	USA	85,450	6.1	171.4	99.6
Zillow#	US online real estate portal	USA	51,095	3.6	10.5	(18.7)
Alnylam Pharmaceuticals	Drug developer focussed on harnessing gene silencing technology	USA	46,706	3.3	22.6	(9.8)
Ocado	Online grocery retailer and technology provider	UK	45,747	3.3	(20.8)	(41.7)
Upwork	Online freelancing and recruitment services platform	USA	41,225	2.9	141.3	77.5
STAAR Surgical	Ophthalmic implants for vision correction	USA	39,236	2.8	54.0	13.3
Space Exploration Technologies#U	Designs, manufactures and launches advanced rockets and spacecraft	USA	38,016	2.6	73.4‡	27.6‡
Codexis	Industrial and pharmaceutical enzyme developer	USA	33,953	2.4	145.7	80.8
PsiQuantum#U	Developer of commercial quantum computing	USA	33,757	2.4	266.1‡	169.3
MarketAxess	Electronic bond trading platform	USA	33,339	2.4	(28.1)	(47.1)
Teladoc	Telemedicine services provider	USA	32,447	2.3	(28.2)	(47.2)
Novocure	Manufacturer of medical devices for cancer treatment	USA	27,476	2.0	(20.8)	(41.7)
Chegg	Online educational company	USA	26,259	1.9	(23.7)	(43.8)
BlackLine	Enterprise financial software provider	USA	25,922	1.8	22.6	(9.8)
Oxford Nanopore Technologies#P	Novel DNA sequencing technology	UK	25,910	1.8	113.5	57.1
Kingdee International Software	Enterprise management software provider	China	24,591	1.7	19.0	(12.4)
Zai Lab ADR	Chinese bio-pharmaceutical development and distribution company	China	23,525	1.7	19.8	(11.9)
Ceres Power Holding	Developer of fuel cells	UK	23,497	1.7	79.5	32.0
Xero	Cloud based accounting software for small and medium-sized enterprises	New Zealand	21,537	1.5	36.9	0.7
Appian	Enterprise software developer	USA	20,944	1.5	48.1	9.0
			<b>700,632</b>	<b>49.7</b>		

\* 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 2020 to 31 October 2021. 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 aggregates of both lines of stock.

‡ Figures relate to part-period returns where security has been purchased or added to during the period.

U Denotes unlisted security.

P Denotes listed security previously held in the portfolio as an unlisted security.

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

Past performance is not a guide to future performance.

# Edinburgh Worldwide Investment Trust plc

## List of investments as at 31 October 2021

Name	Business	Country	Fair Value 2021 £'000	% of total assets	Fair Value 2020 £'000
Tesla	Electric vehicles, autonomous driving and solar energy	USA	85,450	6.1	51,332
Zillow Class C	US online real estate portal	USA	44,097	3.1	33,235
Zillow Class A	US online real estate portal	USA	6,998	0.5	6,272
			<b>51,095</b>	<b>3.6</b>	<b>39,507</b>
Anylam Pharmaceuticals	Drug developer focussed on harnessing gene silencing technology	USA	46,706	3.3	32,238
Ocado	Online grocery retailer and technology provider	UK	45,747	3.3	49,460
Upwork	Online freelancing and recruitment services platform	USA	41,225	2.9	12,250
STAAR Surgical	Ophthalmic implants for vision correction	USA	39,236	2.8	21,787
Space Exploration Technologies Series N Preferred <a href="#">u</a>	Designs, manufactures and launches advanced rockets and spacecraft	USA	21,788	1.5	12,374
Space Exploration Technologies Series J Preferred <a href="#">u</a>	Designs, manufactures and launches advanced rockets and spacecraft	USA	9,884	0.7	5,613
Space Exploration Technologies Series K Preferred <a href="#">u</a>	Designs, manufactures and launches advanced rockets and spacecraft	USA	4,506	0.3	2,559
Space Exploration Technologies Class A Common <a href="#">u</a>	Designs, manufactures and launches advanced rockets and spacecraft	USA	1,405	0.1	-
Space Exploration Technologies Class C Common <a href="#">u</a>	Designs, manufactures and launches advanced rockets and spacecraft	USA	433	0.0	-
			<b>38,016</b>	<b>2.6</b>	<b>20,546</b>
Codexis	Industrial and pharmaceutical enzyme developer	USA	33,953	2.4	11,961
PsiQuantum Series C Preferred <a href="#">u</a>	Developer of commercial quantum computing	USA	20,626	1.5	3,867
PsiQuantum Series D Preferred <a href="#">u</a>	Developer of commercial quantum computing	USA	13,131	0.9	-
			<b>33,757</b>	<b>2.4</b>	<b>3,867</b>
MarketAxess	Electronic bond trading platform	USA	33,339	2.4	46,703
Teladoc	Telemedicine services provider	USA	32,447	2.3	26,308
Novocure	Manufacturer of medical devices for cancer treatment	USA	27,476	2.0	28,789
Chegg	Online educational company	USA	26,259	1.9	32,964
BlackLine	Enterprise financial software provider	USA	25,922	1.8	19,058
Oxford Nanopore Technologies	Novel DNA sequencing technology	UK	1,132	0.1	11,276
Oxford Nanopore Technologies <a href="#">p</a>	Novel DNA sequencing technology	UK	24,778	1.7	-
			<b>25,910</b>	<b>1.8</b>	<b>11,276</b>
Kingdee International Software	Enterprise management software provider	China	24,591	1.7	17,622
Zai Lab ADR	Chinese bio-pharmaceutical development and distribution company	China	23,525	1.7	16,207
Ceres Power Holding	Developer of fuel cells	UK	23,497	1.7	11,924
Xero	Cloud based accounting software for small and medium-sized enterprises	New Zealand	21,537	1.5	15,729
Appian	Enterprise software developer	USA	20,944	1.5	14,160

# Edinburgh Worldwide Investment Trust plc

## List of investments as at 31 October 2021 (ctd)

Name	Business	Country	Fair Value 2021 £'000	% of total assets	Fair Value 2020 £'000
QuantumScape <sup>P</sup>	Solid-state batteries for electric vehicles	USA	19,255	1.4	-
Sprout Social	Cloud based software for social media management	USA	18,599	1.3	-
Genmab	Antibody based drug development	Denmark	18,001	1.3	12,691
Exact Sciences	Non-invasive molecular tests for early cancer detection	USA	17,900	1.3	14,746
PureTech Health	IP commercialisation focused on healthcare	UK	17,701	1.2	12,951
Axon Enterprise	Law enforcement equipment and software provider	USA	17,351	1.2	7,810
Everbridge	Critical event management software provider	USA	17,253	1.2	12,019
Wayfair	Online furniture and homeware retailer	USA	15,783	1.1	16,691
CyberArk Software	Cyber security solutions provider	Israel	15,115	1.1	8,827
Tandem Diabetes Care	Manufacturer of insulin pumps for diabetic patients	USA	14,746	1.0	12,508
AeroVironment	Small unmanned aircraft and tactical missile systems	USA	14,318	1.0	13,022
ITM Power	Hydrogen energy solutions manufacturer	UK	13,811	1.0	-
Trupanion	Pet health insurance provider	USA	13,790	1.0	10,236
LendingTree	Online consumer finance marketplace	USA	13,786	1.0	25,321
ShockWave Medical	Medical devices manufacturer	USA	13,366	1.0	4,538
Ambarella	Video compression and image processing semiconductors	USA	13,232	0.9	4,129
Genus	Livestock breeding and technology services	UK	12,842	0.9	9,517
Zuora	Enterprise sales management software	USA	12,451	0.9	1,823
Akili Interactive Labs Series C Preferred <sup>U</sup>	Digital medicine company	USA	3,614	0.3	4,600
Akili Interactive Labs Series D Preferred <sup>U</sup>	Digital medicine company	USA	8,754	0.6	-
			<u>12,368</u>	<u>0.9</u>	<u>4,600</u>
Pacira BioSciences	Opioid free analgesics developer	USA	12,235	0.9	10,510
Adaptimmune	Cell therapies for cancer treatment	UK	12,135	0.9	8,494
M3	Online medical database	Japan	12,017	0.9	14,556
Cardlytics	Digital advertising platform	USA	11,770	0.8	-
LiveRamp	Marketing technology company	USA	11,523	0.8	13,392
MonotaRO	Online business supplies	Japan	11,489	0.8	14,932
Relativity Space Series D Preferred <sup>U</sup>	3D printing and aerospace launch company	USA	7,812	0.5	-
Relativity Space Series E Preferred <sup>U</sup>	3D printing and aerospace launch company	USA	3,648	0.3	-
			<u>11,460</u>	<u>0.8</u>	<u>-</u>
Sutro Biopharma	Biotechnology company focused on next generation protein therapeutics	USA	11,041	0.8	6,462
InfoMart	Online platform for restaurant supplies	Japan	11,039	0.8	9,936
IPG Photonics	High-power fibre lasers	USA	10,473	0.8	10,613
American Superconductor	Designs and manufactures power systems and superconducting wire	USA	10,292	0.7	6,071
Temenos Group	Banking software provider	Switzerland	10,210	0.7	7,594
JFrog	Software development tools and management	Israel	9,860	0.7	-
Astranis Space Technologies Series C Preferred <sup>U</sup>	Communication satellite manufacturing and operation	USA	9,329	0.7	-
LivePerson	Messaging tools for business and customer interactions	USA	9,315	0.7	10,247
Splunk	Data diagnostics	USA	8,884	0.6	11,316

# Edinburgh Worldwide Investment Trust plc

## List of investments as at 31 October 2021 (ctd)

Name	Business	Country	Fair Value 2020 £'000	% of total assets	Fair Value 2019 £'000
Shine Technologies (Illuminated Holdings) Series C-5 Preferred <a href="#">u</a>	Medical radioisotope production	USA	8,754	0.6	-
iRobot	Consumer robotics and connected devices	USA	7,809	0.6	7,896
Quanterix	Ultra-sensitive protein analysers	USA	7,742	0.6	-
Snyk Ordinary Shares <a href="#">u</a>	Security software	UK	2,736	0.2	-
Snyk Series F Preferred <a href="#">u</a>	Security software	UK	4,560	0.4	-
			<b>7,296</b>	<b>0.6</b>	<b>-</b>
Lightning Labs Series B Preferred <a href="#">u</a>	Lightning software that enables users to send and receive money	USA	7,295	0.5	-
Renishaw	Measurement and calibration equipment	UK	7,055	0.5	7,863
Q2 Holdings	Cloud based virtual banking solutions provider	USA	6,997	0.5	8,625
Graphcore Series D2 Preferred <a href="#">u</a>	Specialised processor chips for machine learning applications	UK	5,244	0.4	4,247
Graphcore Series E Preferred <a href="#">u</a>	Specialised processor chips for machine learning applications	UK	1,672	0.1	-
			<b>6,916</b>	<b>0.5</b>	<b>4,247</b>
freee K.K.	Cloud based accounting software for small and medium-sized enterprises	Japan	6,833	0.5	-
Avacta Group	Affinity based diagnostic reagents and therapeutics	UK	6,642	0.5	9,218
IP Group	Intellectual property commercialisation	UK	6,601	0.4	4,324
Sensirion Holding	Manufacturer of gas and flow sensors	Switzerland	5,939	0.4	2,400
SEEK	Online recruitment portal	Australia	5,846	0.4	3,812
Reaction Engines <a href="#">u</a>	Advanced heat exchange company	UK	5,750	0.4	5,750
Digimarc	Digital watermarking technology provider	USA	5,693	0.4	3,791
Ilika	Discovery and development of novel materials for mass market applications	UK	5,379	0.4	3,348
Galapagos	Clinical stage biotechnology company focussing on autoimmune and fibrosis diseases	Belgium	5,187	0.4	8,806
Oxford Instruments	Advanced instrumentation and equipment provider	UK	5,144	0.4	3,526
Rightmove	UK online property portal	UK	4,771	0.3	4,263
Tabula Rasa HealthCare	Cloud-based healthcare software developer	USA	4,711	0.3	3,686
Berkeley Lights	Biotechnology tools focused on cell characterisation	USA	4,186	0.3	7,274
Nanobiotix ADR	Nanomedicine company focused on cancer radiotherapy	France	4,066	0.3	-
Agora ADR	Voice and video platform technology provider	China	4,056	0.3	4,987
BASE	Commerce platform for small and medium-sized enterprises	Japan	3,951	0.3	-
Huya ADR	A live game streaming platform	China	3,725	0.3	5,036
Baozun SPN ADR	Chinese e-commerce solution provider	China	3,712	0.3	8,314
Spire Global <a href="#">p</a>	Satellite powered data collection and analysis company	USA	3,570	0.3	-
Morphosys	Antibody based drug discovery platform	Germany	3,451	0.2	5,866
PeptiDream	Peptide based drug discovery platform	Japan	3,377	0.2	6,843
Stratasys	3D printer manufacturer	USA	3,327	0.2	1,429
Victrex	High-performance thermo-plastics	UK	2,909	0.2	2,345
KSQ Therapeutics Series C Preferred <a href="#">u</a>	Biotechnology target identification company	USA	2,744	0.2	1,925
CEVA	Licenses IP to the semiconductor industry	USA	2,743	0.2	2,573
ASOS	Online fashion retailer	UK	2,532	0.2	4,494
EverQuote	Online marketplace for buying insurance	USA	2,329	0.2	4,853

# Edinburgh Worldwide Investment Trust plc

## List of investments as at 31 October 2021 (ctd)

Name	Business	Country	Fair Value 2021 £'000	% of total assets	Fair Value 2020 £'000
C4X Discovery Holdings	Rational drug design and optimisation	UK	2,178	0.2	510
C4X Discovery Warrants	Software to aid drug design	UK	37	0.0	-
			2,215	0.2	510
NuCana SPN ADR	Next generation chemotherapy developer	UK	2,178	0.1	4,523
Collectis	Genetic engineering for cell based therapies	France			
			1,915	0.1	2,966
AxoGen	Regenerative medicine and nerve repair company	USA	1,880	0.1	1,645
New Horizon Health	Cancer screening company	China	1,870	0.1	-
Cosmo Pharmaceuticals	Therapies for gastrointestinal diseases				
		Italy	1,846	0.1	2,084
Benefitfocus	Employee benefits software provider	USA	1,810	0.1	1,807
Catapult Group	Analytics and data collection technology for sports teams and athletes				
International		Australia	1,752	0.1	1,638
Rubius Therapeutics	Developer of novel therapies using engineered red blood cells	USA	1,596	0.1	505
4D Pharma	Microbiome biology therapeutics	UK	1,105	0.1	1,971
4D Pharma Warrants	Microbiome biology therapeutics	UK	0	0.0	35
			1,105	0.1	2,006
Uxin ADR	Online Chinese used car marketplace	China	984	0.1	420
Chinook Therapeutics (formerly Aduro Biotechnology)	Immunotherapy drug development				
		USA	917	0.1	1,117
Chinook Therapeutics (formerly Aduro Biotechnology) CVR Line	Immunotherapy drug development				
		USA	0	0.0	-
			917	0.1	1,117
Kaleido Biosciences	Microbiome chemistry therapeutics	USA	898	0.1	913
Summit Therapeutics	Developer of novel antibiotics	USA	835	0.1	479
Unity Biotechnology <sup>2</sup>	Biotechnology company seeking to develop anti-ageing therapies				
		USA	595	0.0	1,018
Ricardo	Engineering services provider	UK	577	0.0	483
Adicet Bio (formerly resTORbio)	Biotechnology company focussed on age related disorders				
		USA	553	0.0	728
Adicet Bio (formerly resTORbio) CVR Line	Biotechnology company focussed on age related disorders				
		USA	0	0.0	-
			553	0.0	728
Angelalign Technology	Medical devices manufacturer	China	261	0.0	-
Tissue Regenix	Regenerative medicine technology provider	UK	104	0.0	66
Xeros Technology Group	Polymer technology company with laundry and textile applications				
		UK	76	0.0	93
VYNE Therapeutics (formerly Menlo Therapeutics)	Biopharmaceutical company focused in the dermatology space				
		USA	49	0.0	248
Velocys	Gas to liquid technology	UK	27	0.0	19
Ensogo <sup>3</sup>	South East Asian e-commerce	Australia	0	0.0	0
China Lumena New Materials <sup>5</sup>	Mines, processes and manufactures natural thenardite products				
		China	0	0.0	0
<b>Total equities</b>			<b>1,376,365</b>	<b>97.8</b>	
<b>Net liquid assets</b>			<b>31,143</b>	<b>2.2</b>	
<b>Total assets at fair value*</b>			<b>1,407,508</b>	<b>100.0</b>	



# Edinburgh Worldwide Investment Trust plc

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

U Denotes unlisted security.

P Denotes listed security previously held in the portfolio and an unlisted security.

D Denotes delisting security.

S Denotes suspended unlisted security.

	Listed equities %	Unlisted securities† %	Net liquid assets %	Total assets %
31 October 2021	87.0	10.8	2.2	100.0
31 October 2020	90.5	5.8	3.7	100.0

Figures represent percentage of total assets.

† Includes holdings in preference shares, ordinary shares and convertible promissory notes.

# Edinburgh Worldwide Investment Trust plc

## Distribution of total assets\* by industry

	Industry Analysis 31 October 2021 % of total assets*	Portfolio Weightings (relative to comparative index†) at 31 October 2021
Software	17.5	12.1
Biotechnology	15.2	10.8
Healthcare Equipment and Supplies	7.3	5.3
Automobiles	6.1	5.8
Aerospace and Defence	6.0	5.1
Healthcare Technology	4.6	4.0
Electrical Equipment	4.1	2.3
Real Estate Management and Development	3.6	1.5
Professional Services	3.3	1.7
Life Sciences Tools and Services	3.3	2.0
Food and Staples Retailing	3.3	2.4
Technology Hardware, Storage and Peripherals	3.1	2.5
Capital Markets	2.8	(0.1)
Electronic Equipment, Instruments and Components	2.1	(0.3)
IT Services	1.9	(0.4)
Diversified Consumer Services	1.9	1.1
Pharmaceuticals	1.8	0.1
Internet and Direct Marketing Retail	1.5	1.0
Auto Components	1.4	(0.2)
Semiconductors and Semiconductor Equipment	1.1	(1.9)
Insurance	1.0	(1.6)
Consumer Finance	1.0	0.2
Interactive Media and Services	0.9	0.2
Media	0.8	(0.7)
Trading Companies and Distributors	0.8	(0.6)
Household Durables	0.6	(1.1)
Entertainment	0.3	(0.8)
Chemicals	0.2	(2.9)
Internet and Catalogue Retail	0.2	0.2
Healthcare Providers and Services	0.1	(1.9)
Machinery	<0.1	(4.2)
Energy Equipment and Services	<0.1	(0.6)
Net Liquid Assets	2.2	
<b>Total assets*</b>	<b>100.0</b>	

# Edinburgh Worldwide Investment Trust plc

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

† S&P Global Small Cap Index (in sterling terms). Weightings exclude industries where the Company has no exposure. See disclaimer at the end of this announcement.

## Distribution of total assets

### Geographical Analysis

	31 October 2021	31 October 2020
	%	%
North America	<b>66.9</b>	<b>63.5</b>
	<i>USA</i>	<i>66.9</i>
Europe	<b>20.9</b>	<b>20.7</b>
	<i>United Kingdom</i>	<i>15.6</i>
	<i>Eurozone</i>	<i>2.2</i>
	<i>Developed Europe (non euro)</i>	<i>3.0</i>
Asia	<b>8.0</b>	<b>10.1</b>
	<i>Japan</i>	<i>3.5</i>
	<i>China</i>	<i>4.5</i>
Australasia	<b>2.0</b>	<b>2.0</b>
	<i>Australia</i>	<i>0.5</i>
	<i>New Zealand</i>	<i>1.5</i>
<b>Total equities</b>	<b>97.8</b>	<b>96.3</b>
Net liquid assets	<b>2.2</b>	<b>3.7</b>
<b>Total assets*</b>	<b>100.0</b>	<b>100.0</b>

### Sectoral Analysis

	31 October 2021	31 October 2020
	%	%
Communication Services	<b>5.6</b>	5.6
Consumer Discretionary	<b>15.0</b>	16.5
Financials	<b>4.9</b>	8.3
Healthcare	<b>32.3</b>	32.5
Industrials	<b>14.2</b>	9.2
Information Technology	<b>25.6</b>	24.0
Materials	<b>0.2</b>	0.2
Net Liquid Assets	<b>2.2</b>	3.7
<b>Total assets*</b>	<b>100.0</b>	<b>100.0</b>

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

# Edinburgh Worldwide Investment Trust plc

## Notes to the condensed financial statements (unaudited)

### 1. Basis of Accounting

The Financial Statements for the year to 31 October 2021 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 which are unchanged from the prior year and have been applied consistently.

2.	Income	2021 £'000	2020 £'000
	<b>Income from investments</b>		
	UK dividends	411	154
	Overseas dividends	402	538
	Overseas interest	14	21
		<b>827</b>	<b>713</b>
	<b>Other income</b>		
	Deposit interest	-	60
	<b>Total income</b>	<b>827</b>	<b>773</b>
	<b>Total income comprises:</b>		
	Dividends from financial assets designated at fair value through profit or loss	813	692
	Interest from financial assets designated at fair value through profit or loss	14	21
	Interest from financial assets not at fair value through profit or loss	-	60
		<b>827</b>	<b>773</b>

### 3. Investment Manager

The Company has appointed Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, as its Alternative Investment Fund Manager 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 £50m of net assets, 0.65% on the next £200m of net assets and 0.55% on the remaining net assets. Management fees are calculated and payable quarterly.

4.	Net return per ordinary share	Revenue	2021 Capital	Total	Revenue	2020 Capital	Total
	Net return after taxation	(0.62p)	43.37p	42.75p	(0.46p)	100.89p	100.43p

Revenue return per ordinary share is based on the net revenue loss after taxation of £2,422,000 (2020 – net revenue loss of £1,479,000) and on 391,579,802 (2020 – 320,606,304) ordinary shares, being the weighted average number of ordinary shares during the year.

Capital return per ordinary share is based on the net capital gain for the financial year of £169,816,000 (2020 – net capital gain of £323,451,000) and on 391,579,802 (2020 – 320,606,304) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

There are no dilutive or potentially dilutive shares in issue.

### 5. Dividends

There are no dividends paid and proposed in respect of the financial year. There is no revenue available for distribution by way of dividend for the year to 31 October 2021. Revenue loss of £2,442,000 (2020 – revenue loss of £1,479,000) which is the basis on which the requirements of section 1158 of the Corporation Tax Act are considered.

# Edinburgh Worldwide Investment Trust plc

## 6. Fair Value Hierarchy

As at 31 October 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	1,224,768	-	-	1,224,768
Unlisted ordinary shares	-	-	18,235	18,235
Unlisted preference shares*	-	-	133,362	133,362
Unlisted convertible promissory note	-	-	-	-
<b>Total financial asset investments</b>	<b>1,224,768</b>	<b>-</b>	<b>151,597</b>	<b>1,376,365</b>

As at 31 October 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	941,393	-	-	941,393
Unlisted ordinary shares	-	-	23,213	23,213
unlisted preference shares*	-	-	37,319	37,319
Unlisted convertible promissory note	-	-	269	269
<b>Total financial asset investments</b>	<b>941,393</b>	<b>-</b>	<b>60,801</b>	<b>1,002,194</b>

\* 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.

Investments in securities are financial assets designated at fair value through profit or loss. In accordance with Financial Reporting Standard 102, the tables above provide an analysis of these investments based on the fair value hierarchy described below, which reflects the reliability and significance of the information used to measure their fair value.

### 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).

## 7. Transaction Costs

The Company incurred transaction costs on purchases of £129,000 (2020 - £49,000) and on sales of £32,000 (2020 - £21,000).

## 8. Bank Loans

During the period, the Company entered into a new 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. This facility is in addition to the existing five year £25 million multi-currency revolving credit facility, with National Australia Bank Limited, with an expiry date of 29 June 2023 and the five year £36 million multi-currency revolving credit facility, with National Australia Bank Limited, with an expiry date of 30 September 2024. As at 31 October 2021, the Company had drawings of €7,200,000, US\$53,150,000 and £21,300,000 under the £100 million revolving rate facility. There were no drawings under the £25 million or £36 million facility. At 31 October 2020 the drawings were €1,410,900, US\$18,545,250 and £9,185,037 under the £25 million revolving credit facility and €1,410,900, US\$18,545,250 and £8,314,963 under the £36 million revolving credit facility.

The sterling value of the bank loans at 31 October 2021 was £66,153,000 (31 October 2020 - £48,728,000).

# Edinburgh Worldwide Investment Trust plc

## 9. Share Capital

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 2021 the Company issued a total of 50,885,000 shares on a non pre-emptive basis (nominal value of £509,000, representing 14.4% of the issued share capital at 31 October 2020) at a premium to net asset value (on the basis of debt valued at book value) raising net proceeds of £182,227,000 (In the year to 31 October 2020 – 51,720,000 shares with a nominal value of £517,000, representing 17.1% of the issued share capital at 31 October 2019 raising net proceeds of £133,044,000).

The Company also has authority to buy back shares. In the year to 31 October 2021 no ordinary shares were bought back therefore the Company's authority remains unchanged at 54,588,887 ordinary shares.

## 10. Analysis of Change in Debt

	At 31 October 2020 £'000	Cash flows £'000	Exchange movement £'000	At 31 October 2021 £'000
Cash and cash equivalents	40,894	(4,528)	(3,239)	33,127
Loans due within one year	(48,728)	(19,033)	1,608	(66,153)
	(7,834)	(23,561)	(1,631)	(33,026)

## 11. Financial Information

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 October 2021 or the year ended 31 October 2020 but is derived from those accounts. Statutory accounts for the period to 31 October 2020 have been delivered to the Registrar of Companies, and those for the year to 31 October 2021 will be delivered in due course. The auditor has reported on those accounts; the reports were (i) unqualified, (ii) did not include a reference to any matters 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.



# Edinburgh Worldwide Investment Trust plc

## 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

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 67 of the Annual Report and Financial Statements.

### Net Asset Value (Borrowings at Fair Value) (APM)

Borrowings are valued at an estimate of their market value. The value of the borrowings at book and fair value are set out on page 67 of the Annual Report and Financial Statements.

### Net Asset Value (Reconciliation of NAV at Book Value to NAV at Fair Value)

	31 October 2021	31 October 2020
Net Asset Value per ordinary share (borrowings at book value)	331.03p	279.90p
Shareholders' funds (borrowings at book value)	£1,341,355,000	£991,734,000
Add: book value of borrowings	£66,153,000	£48,728,000
Less: fair value of borrowings	(£66,153,000)	(£48,728,000)
<b>Shareholders' funds (borrowings at fair value)</b>	<b>£1,341,355,000</b>	<b>£991,734,000</b>
Number of shares in issue	405,203,695	354,318,695
<b>Net Asset Value per ordinary share (borrowings at fair value)</b>	<b>331.03p</b>	<b>279.90p</b>

At 31 October 2021 and 31 October 2020 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.

		31 October 2021	31 October 2020
Net asset value per share	(a)	331.03p	279.90p
Share price	(b)	319.50p	287.50p
<b>(Discount)/premium</b>	<b>((b)-(a)) ÷ (a)</b>	<b>(3.5%)</b>	<b>2.7%</b>

### 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.

# Edinburgh Worldwide Investment Trust plc

## Glossary of Terms and Alternative Performance Measures ('APM') (Ctd)

### Ongoing Charges (APM)

The total recurring expenses (excluding the Company's cost of dealing in investments and borrowing costs) incurred by the Company as a percentage of the average net asset value (with debt at fair value). The ongoing charges have been calculated on the basis prescribed by the Association of Investment Companies.

#### Ongoing Charges Calculation

	31 October 2021	31 October 2020
Investment management fee	£7,809,000	£4,579,000
Other administrative expenses	£907,000	£715,000
<b>Total Expenses (a)</b>	<b>£8,716,000</b>	<b>£5,294,000</b>
Average daily cum-income net asset value (with debt at fair value) (b)	£1,324,089,000	£736,409,000
<b>Ongoing charges (a) as a percentage of (b)</b>	<b>0.66%</b>	<b>0.72%</b>

### 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.

	31 October 2021	31 October 2020
Borrowings (at book value)	£66,153,000	£48,728,000
Less: cash and cash equivalents	(£33,127,000)	(£40,894,000)
Less: sales for subsequent settlement	-	-
Add: purchases for subsequent settlement	-	£1,173,000
Adjusted borrowings (a)	£33,026,000	£9,007,000
Shareholders' funds (b)	£1,341,355,000	£991,734,000
<b>Gearing: (a) as a percentage of (b)</b>	<b>2%</b>	<b>1%</b>

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

	31 October 2021	31 October 2020
Borrowings (at book value) (a)	£66,153,000	£48,728,000
Shareholders' funds (b)	£1,341,355,000	£991,734,000
<b>Potential gearing (a) as a percentage of (b)</b>	<b>5%</b>	<b>5%</b>

### Leverage (APM)

For the purposes of the Alternative Investment Fund Managers 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.

# Edinburgh Worldwide Investment Trust plc

## Glossary of Terms and Alternative Performance Measures ('APM') (Ctd)

### **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.

### **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 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.

The Annual Report and Financial Statements will be available on the Edinburgh Worldwide page of the Managers' website [edinburghworldwide.co.uk](http://edinburghworldwide.co.uk) on or around 22 December 2021.

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

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## S&P Index Data

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