

**RNS Announcement: Final Results**

# **Scottish Mortgage Investment Trust PLC**

**Legal Entity Identifier: 213800G37DCS3Q9IJM38**

**SCOTTISH  
MORTGAGE**  
INVESTMENT TRUST

## **Results for the year to 31 March 2025**

NAV (borrowings at fair value)*	11.2%
NAV (borrowings at book value)*	10.9%
Share Price*	6.0%
FTSE All-World Index†	5.5%

Source: LSEG / Baillie Gifford. All figures are total return\*. See disclaimer at the end of this announcement.

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

† In sterling terms.

The following is the Preliminary Results Announcement for the year to 31 March 2025 which was approved by the Board on 21 May 2025.

## Statement from the Chair

### Introduction

Global equities performed well in 2024, largely due to advances in AI and semiconductor demand. However, the start of 2025 has been marked by volatility, particularly due to geopolitical tensions and economic policies. After the Company's year-end, a significant selloff occurred in early April 2025, triggered by threats of U.S. tariffs and China's retaliatory measures, leading to a dramatic drop in major indices. At the same time, the investment trust sector continues to face headwinds to demand, and the average share price discount to NAV is currently 9.1%. Against this backdrop, I am pleased to be able to report on a positive year for your Company.

### Performance

Total return* (%)	12 months to 31 March 2025	12 months to 31 March 2024
NAV (borrowings at fair value)	11.2	11.5
Share price	6.0	32.5
FTSE All-World Index (in sterling terms)	5.5	21.0
Global Sector Average – NAV	5.5	17.3
Global Sector Average – share price	4.1	24.8

Source: AIC/LSEG/Baillie Gifford.

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

Over the year to 31 March 2025, the Company's net asset value ('NAV') total return was 11.2% and its share price total return was 6.0%. Over the same period, the FTSE All-World index total return was 5.5%. Whilst it is pleasing to note these one-year returns, we feel that this represents too short a time frame on which to judge performance given the long-term nature of the investment strategy.

Over the last decade, the Scottish Mortgage Managers have delivered outperformance for shareholders. The NAV per share has increased by 320% compared to a 182% increase in the FTSE All-World index, on a total return basis. Clearly, recent years have been a rollercoaster ride in share price terms. Although unsettling, this serves as a useful reminder of what one can expect from a growth investment strategy seeking to maximise returns. Investing in companies at the forefront of structural change means share price peaks and troughs are inevitable, for both the companies we own and the Company itself. We ask that shareholders be aligned to our long investment horizon and are aware that returns are not delivered in a straight line.

Total return* (%)	Five years to 31 March 2025	Ten years to 31 March 2025
NAV (borrowings at fair value)	87.0	319.6
Share price	68.1	275.8
FTSE All-World Index (in sterling terms)	99.0	181.6
Global Sector Average – NAV	88.1	203.8
Global Sector Average – share price	74.8	202.8

Source: AIC/LSEG/Baillie Gifford.

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

### Value for money

We continue to strive to keep the cost of investing low so that shareholders retain as much of the return on their investment as possible. Ongoing charges for the year were 0.31%.

Few other investment companies provide access to both public and private companies in one portfolio. However, the Company's ongoing charges are less than most actively managed funds invested in public equities and significantly less than private equity funds. Scottish Mortgage is not only low-cost but, once long-term performance has been incorporated, provides excellent value for money for shareholders. This will continue to be a central tenet for both the Board and Managers.

## **Financial position**

The Board remains committed to the strategic use of borrowing, which is one of the principal advantages of the investment trust structure. The nature and level of the gearing is discussed by the Board and Managers at each Board meeting.

As reported last year, gearing had been reduced significantly over the previous year. Although some bank facilities were refinanced in the year to 31 March 2025 (as noted in the Business Review on page 48 of the Annual Report and Financial Statements), the level of borrowings remained unchanged over the year. At the end of the year gearing had increased to 13% (31 March 2024 – 11%). In comparison to Federal Reserve and Bank of England base rates, the average interest rate cost of the Company's debt remains low at 3.1% as at 31 March 2025 (3.2% as at 31 March 2024).

## **Earnings and dividend**

The investment portfolio does not generate significant income as the companies held typically re-invest earnings to maximise their growth opportunities. Although income from the equity portfolio was similar to the previous year, overall revenue earnings per share fell by 40% mainly due to the write-off of income accrued from the Northvolt promissory note.

The Board recognises the importance to some shareholders of a predictable and growing dividend. The Company is an 'AIC Dividend Hero' having increased its dividend for 42 consecutive years. The Board plans to continue this trend and is recommending that this year the total dividend be increased by 3.3% to 4.38 pence per share (2024 – 4.24 pence per share). Assuming approval by shareholders, a final dividend of 2.78 pence per share will be paid on 10 July 2025.

## **Liquidity**

The share price discount to NAV widened from 4.5% to 9.0% over the year. We sought to address the excess supply of shares by buying back 210 million shares over the period from 1 April 2024 to the date of this report, which represented 15.2% of the share capital in issue at the start of the year, at a total cost of £1.9 billion.

The Company has bought back shares for consideration of £2.0 billion since the Board announced in March 2024 that the Company would make available at least £1 billion for the purpose of buybacks over the following two years.

Over the last year, Directors held useful meetings with representatives of several shareholders, whose clients represent a large portion of the register in percentage terms. Some advocate increased buyback activity, whilst others feel capital is best deployed into long-term investments. Balance is required. We take a pragmatic approach in making capital allocation calls between buying back shares and other uses of capital such as making new investments and reducing debt. The Board and the Managers remain committed to the continuation of the buyback.

## **Environmental, Social and Governance ('ESG')**

The Board recognises the importance of considering ESG factors when making investments and has asked the Managers to take these issues into account. Some examples of the Managers' engagement with portfolio holdings on governance matters are provided in the Stewardship and Governance Engagement report on page 19 of the Annual Report and Financial Statements.

It is the Board's responsibility to monitor activity and progress in areas such as voting and engagement. The Company's voting record can be found on the website, [scottishmortgage.com](https://scottishmortgage.com).

## **Shareholder engagement**

The Annual General Meeting will be held at 4.30pm on Thursday 3rd July 2025 at the National Galleries of Scotland, Princes Street Gardens entrance, Hawthornden Lecture Theatre, The Mound, Edinburgh, EH2 2EL.

The Board extends a warm invitation to shareholders to attend, raise any questions and exercise their votes. Shareholders are also able to submit proxy voting forms before the applicable deadline and to

direct any comments or questions for the Board in advance of the meeting through the Company's Managers, Baillie Gifford. Alternatively, they may also get in touch via either of the Corporate Brokers, Jefferies International and Deutsche Numis. Contact details for all three firms are included later in the Annual Report and are available on their respective websites.

We continue to prioritise engagement with our shareholders. The Managers and investment specialists host a comprehensive programme of events and meetings throughout the year. The inaugural Digital Conference last September was a highlight, featuring discussions with the founder of a portfolio holding and an expert in the semiconductor industry. Season 3 of the Scottish Mortgage podcast, *Invest in Progress*, is also underway. This remains a vital resource for shareholders, offering insightful conversations between our Managers and the leaders of our portfolio companies. The Company introduced a quarterly update video and data pack to ensure that shareholders receive timely updates on both the Company and our portfolio holdings. And enhancements continue to be made across the Scottish Mortgage website, email database and social media channels as we strive for excellence in our digital offering to shareholders.

### **Board Composition**

After serving on the Board for 10 years, I will retire at the Annual General Meeting. I will be succeeded by Christopher Samuel, an experienced Chairman and non executive director. Christopher's biography is set out on page 58 of the Annual Report and Financial Statements.

Professor Maxwell, Senior Independent Director, intends to retire from the Board, at the Annual General Meeting in 2026. The Board will communicate his successor as Senior Independent Director in due course.

### **Outlook**

As we look towards 2026 and beyond, the Managers' investment landscape is shaped by key themes of resilience, adaptability, and innovation. In a volatile world, resilience is a strategic advantage, allowing companies to adapt and emerge stronger. The rise of AI and digital platforms is reshaping industries, driving operational leverage and creating new market opportunities. Your Managers' focus remains on identifying outlier companies capable of delivering exceptional returns. These companies, characterised by their unique growth trajectories, innovative approaches, adaptive leaders and cultures are rare, but can be immensely rewarding for shareholders over the long term. By focusing on these key themes, the Board is confident in the Managers' ability to navigate the challenges and opportunities that lie ahead, supporting exceptional growth companies for the long term.

Justin Dowley  
Chair

21 May 2025

Past performance is not a guide to future performance.

See disclaimer at the end of this announcement.

## **Manager Review – Tom Slater**

The year just passed has been one of compounding progress despite a disorientating backdrop. Markets remain volatile. Interest rates are high, confidence remains fragile, and economic uncertainty endures. But beneath the surface noise, the companies we back have, in many cases, delivered quietly impressive operational results. They have grown more resilient, more disciplined, and in several cases, more profitable.

This wasn't inevitable. Two years ago, many of the businesses we own faced sharply higher funding costs and less forgiving public markets. The most ambitious took those signals seriously. They cut back on headcount growth, refocused on their core strengths, and made the kind of long-term decisions that only become obvious in hindsight. As the environment has stabilised, these companies are emerging stronger. Margins have widened. Free cash flow has accelerated. Many of the themes we've followed for a decade such as digital platforms, AI, electrification and personalised medicine are translating into tangible results.

## **The Rise of AI and the Shifting Shape of Value**

Few developments this year were more consequential than the rise of generative AI. The conversation has moved quickly from theory to practice. We see its impact most clearly in software engineering, where productivity is already rising dramatically. This matters because software sits at the core of the modern economy, and many of our companies are already putting these gains to work. Several have increased output without increasing engineering headcount. Others have launched new products with surprisingly lean teams. AI is not a distant promise. It is driving real operational leverage today.

How should we, as investors, respond to such a powerful, yet hard-to-quantify force? Our largest holding at the start of the year, NVIDIA, sits at the heart of the current AI boom. Its dominance in training large AI models is unmatched. However, to be truly transformational, we believe AI must become ubiquitous—and that implies commoditisation. A world built on \$70,000 chips and 60% margins may not be sustainable. As a result, we chose to reduce our position significantly over the year. This does not reflect diminished respect for the company. It reflects our long-held discipline: we seek asymmetric outcomes. And at the prevailing valuations, the risk/reward looked more balanced than we prefer.

Conversely, we added to companies that will benefit from the broader adoption of AI tools. Meta has rebuilt its business with greater efficiency, while embedding AI more deeply into its product and advertising stack. It has many opportunities to drive its revenue growth today using this technology. Last year the company noted an 8% increase in time spent on Facebook as a result of AI driven content recommendations to its users. The performance of its stock reflected that progress. Spotify, likewise, is emerging as one of the most efficient scaled platforms in the world using AI to personalise content discovery, improve advertising targeting and, potentially, to create a broader content ecosystem. Both were among the strongest contributors to returns.

We initiated a new position in TSMC, recognising that compute demand will remain structurally strong as AI moves from the training phase to deployment at scale. The appetite for semiconductors across datacentres, vehicles, devices and infrastructure continues to grow. TSMC has solidified its leadership in the global semiconductor foundry market as competitors such as Intel have stumbled.

## **Resilience as a Strategic Advantage**

In an environment defined by unpredictability, resilience is not a secondary virtue; it is central to long-term success. We are increasingly convinced that the companies most likely to endure and thrive are those capable of adapting. This means not just those with strong balance sheets, but with leadership teams willing to evolve, reallocate capital, and make difficult decisions without losing sight of their long-term mission.

This year brought a fresh reminder of how interconnected, and vulnerable, the global system has become. Just after our financial year end, the United States announced sweeping new tariffs on several of its key trading partners. The reaction from markets was immediate and severe. We are cautious

about leaping to conclusions, but we do not view these developments as transitory. The underlying imbalances in the US and global economy whether in trade, debt accumulation, inequality or political cohesion are increasingly unsustainable. As Herbert Stein's Law famously states, "If something cannot go on forever, it will stop." It appears the current administration is accelerating that moment of reckoning.

Equity markets offer no hiding places in such a landscape. Few companies will be unaffected by a reordering of the global trading regime. What matters is how they respond. Our task as investors is to seek out businesses with the adaptability to recalibrate and the cultural foundations to withstand disruption. In this context, resilience becomes not just about enduring shocks but learning from them and emerging stronger.

Several of our portfolio companies exemplify this mindset. Amazon, having invested heavily during the pandemic to expand its fulfilment network, is now reaping the rewards of that decision. It has emerged from a period of cost inflation and operational challenge with a far leaner and more productive infrastructure. Its margins have increased and it has ample cashflow to make the necessary investments for an AI-led future. Shopify, too, made a conscious shift by offloading capital-intensive logistics infrastructure while refocusing on its core mission of enabling merchants. Staff numbers have fallen despite considerable topline growth and this may well continue. In a recent internal memo, CEO Tobi Lütke stated that before requesting additional headcount or resources, teams must first demonstrate why AI cannot fulfil the required tasks.

In the digital infrastructure layer, Cloudflare has the potential to be a foundational enabler of AI services. In the past two years it has combined this potential with a sharp improvement in the profitability of its internet services business. This makes it more robust and gives it the flexibility to invest and take advantage of the opportunities ahead. DoorDash has quietly become one of the most reliable scaled logistics networks in North America. It has grown beyond takeaway delivery into grocery, retail, and local logistics. As it has grown it has shown operational discipline and delivered fifteen percentage points of margin improvement in only two years, becoming decisively profitable in the process.

These examples highlight what we increasingly view as a shared trait across the most promising businesses in our portfolio: not simply speed or scale, but the capacity to absorb shocks, learn quickly, and reorient without losing momentum. In a world that is becoming more fragmented, more protectionist, and more unpredictable, this kind of organisational flexibility will matter more than ever.

Resilience is far from guaranteed. A few of our investments faced more serious challenges. Moderna, once our largest holding, underperformed meaningfully. Vaccine fatigue and lower uptake of COVID boosters weighed on near-term demand, but we believe its mRNA platform remains one of the most promising in modern medicine. The company's work on respiratory combinations and personalised cancer vaccines continues to advance. But better commercial execution is essential if the company is going to turn its technical excellence into real-world treatments with its existing financial resources.

Northvolt, once a substantial private holding, failed to deliver. Despite deep demand for battery manufacturing in Europe, the company struggled to scale production and was unable to justify further support. The investment has been written down and offers hard lessons about capital-intensive ventures and the importance of execution in manufacturing.

## **Beyond the US**

While much of the AI revolution is being led by US companies, we continue to believe that innovation is geographically diffuse and that great companies are being built in every corner of the world. One of the privileges of the Scottish Mortgage mandate is the freedom to invest globally without benchmark constraint. This year, we made full use of it.

In Latin America, our largest public company investment, MercadoLibre delivered another set of strong results. In ecommerce, it has continued to take share as competitors retrench. Investments in logistics are paying off, with faster fulfilment times and improved customer experience reinforcing user loyalty. Despite macroeconomic challenges in key markets like Argentina and Brazil, the company's geographic breadth and operational flexibility have allowed it to navigate currency

pressures and local inflation effectively. MercadoPago has become a leading digital wallet and payments infrastructure across multiple markets, with rising adoption not only online but at physical point-of-sale. It has moved beyond simply facilitating transactions on MercadoLibre's platform to becoming an embedded part of daily life in the region. The company typifies the earlier description of operational discipline leading to higher margins, cashflows and subsequent resilience.

Nubank, which we added to the portfolio, is now the largest independent digital bank in the world outside China. It has gained over 100 million users primarily through organic growth, which significantly reduces customer acquisition costs compared with those of competitors. The company's digital-first approach provides a substantial cost advantage by eliminating traditional bank branches, resulting in industry-leading profitability. Nu has also expanded beyond credit cards into highly profitable areas such as personal loans and secured lending, with significant potential still remaining untapped in Brazil, Mexico, and Colombia. It still retains ample opportunity for expansion, both geographically within Latin America and through further product diversification.

We took a new position in Sea Limited which has a fast-growing ecosystem across e-commerce, digital financial services, and gaming in South East Asia. Shopee, its e-commerce arm, is gaining market share, supported by scale advantages and an expanding logistics network, helping drive operational efficiency and gross margin improvements. SeaMoney is emerging as a major fintech player, riding the wave of digital lending in underbanked markets and delivering strong growth with healthy credit metrics. Its main competition in ecommerce are subsidiaries of our Chinese holdings PDD and Bytedance.

Ferrari, was among the strongest contributors to returns this decade. It represents a different flavour of growth for the portfolio. It is not built on technological disruption, but on brand power, scarcity, and executional excellence. It exemplifies the idea that transformational value creation doesn't always come from novelty, but sometimes from a deep, sustained focus on what doesn't change. Its electrification strategy, and pricing power underscore the durability of its brand and the value of long-term stewardship.

We also added a small position in Hermès, as it possesses qualities similar to those that have made Ferrari one of the most quietly powerful contributors to the portfolio. While its products couldn't be more different (handbags and scarves versus supercars), the business models share a set of rare characteristics such as extraordinary pricing power, deliberate scarcity and multi-decade growth with minimal capital intensity.

### **China: From Retrenchment to Renewal?**

Over the past five years, investing in China has demanded a combination of conviction and patience. The regulatory wave that began with the blocking of the Ant Financial IPO signalled a new era where private enterprise would be expected to align more closely with national objectives. Many global investors exited. We did not. Our exposure declined, but we remained committed to the best businesses China had to offer.

This year brought tentative signs of a thaw. A highly symbolic handshake between President Xi and Alibaba founder Jack Ma suggested an evolving tone. Government rhetoric has turned to supporting private-sector job creation, and valuations, once priced for ruin, have started to recover. Our Chinese holdings, though concentrated, are among the most operationally dynamic in the portfolio. Meituan successfully maintained its dominance in food delivery against competition from Douyin, improved efficiency by raising commission rates, and strategically cut lower quality, unprofitable business lines. It leveraged its strength in operational execution and merchant relationships, increasing advertising revenue and attracting more merchants back to its platform by promising sustainable returns. PDD has taken its discount ecommerce model global through Temu. China still represents the vast majority of profits. To mitigate tariff risks and logistical challenges, PDD is transitioning toward local warehousing and fulfilment centres in overseas markets.

We added a new position in electric vehicle manufacturer BYD. The company has a strong position in the ruthlessly competitive Chinese electric vehicle market, driven primarily by vertical integration, significant scale advantages, and a dominant market share in lower priced segments. The company is

expanding rapidly outside China and recently exceed \$100billion in annual revenue. Despite potential challenges, such as slowing growth in China's EV market, geopolitical uncertainties, and intense competition in higher-end segments, BYD's substantial investments in battery technology, cost leadership, and strategic international expansion position it for robust long-term growth.

We remain alert to risks, including geopolitical frictions and potential tariffs. But we also recognise that China remains home to an enormous, educated, and entrepreneurial population and a huge share of global GDP. With roughly 14% of the portfolio now invested in Chinese companies, we are managing our overall exposure but responding when we find compelling long-term opportunities.

### **Looking to the Next Generation of Winners**

The nature of long-term investing is to plant seeds today that may become giants tomorrow. We are always seeking companies that could shape the next decade and this year offered real progress from some of our most ambitious private holdings.

SpaceX has fundamentally altered the economics of space launch through rapid innovation and vertical integration. But the launch business, while impressive, is only part of the story. SpaceX's satellite internet division, Starlink, is rapidly becoming a significant telecoms player in its own right, with over five million subscribers and a growing footprint in underserved markets. Its unique access to launch capacity provides it with a moat that others are struggling to overcome. Even Amazon's Project Kuiper despite enormous capital backing is years behind in deployment.

Then there is Starship, SpaceX's next-generation rocket. Once operational, it will offer payload capacity and unit economics that dwarf anything currently available. Starship could enable entirely new industries such as large-scale in-orbit manufacturing, deep-space missions, or even space-based energy infrastructure. That capability may sound speculative, but SpaceX's track record suggests otherwise.

What makes SpaceX so attractive to us is not just its current lead, but the culture that sustains it. This is a business defined by urgency, ambition, and engineering excellence. It continues to execute with speed and discipline, even at scale. In a world of capital-light, software-dominated models, SpaceX reminds us that the physical world still offers enormous room for innovation and that the rewards for solving the hard problems can be extraordinary.

We are also seeing advances in next-generation transportation. Our holding in Aurora Innovation, a leader in autonomous trucking, is expected to begin commercial operations imminently. Aurora recognised that long-haul trucking and goods transport are among the most promising, near-term applications for autonomy. The United States has faced a chronic shortage of truck drivers for years and the problem is expected to get significantly more acute over the next decade. Highways are more structured environments than urban roads which, combined with a compelling business case make this one of the more promising entrants in self-driving.

Joby Aviation entered the final phase of FAA certification for its electric vertical take-off and landing aircraft. The US Air Force took delivery of its second vehicle and Joby acquired a production facility in Dayton Ohio. The concept of urban air mobility has often felt like science fiction, but with growing support from regulators and real-world test flights underway, commercial deployment is coming into view. If successful, Joby could redefine regional transport and alleviate pressure on congested infrastructure.

Zipline, the drone logistics company, is moving beyond its original use case of delivering medical supplies in Africa. Its technology has been adapted for broader commercial applications, including rapid local delivery in urban environments. It launched this service in Dallas in April 2025 in partnership with Walmart. Residents within a two mile radius of the Walmart Supercenter in Mesquite can now receive deliveries of over 65,000 items in thirty minutes or less.

These investments represent the kind of calculated risk that defines Scottish Mortgage's approach: backing bold ideas and exceptional teams, with the patience to let them prove themselves over time.



## **Enduring Approach**

We are often asked how we forecast product developments for our holdings or inflection points in their growth. We don't. Our focus is on two core questions: Is the opportunity the company addresses transformational and is it getting bigger or smaller? Is the likelihood of capturing that opportunity increasing or decreasing?

This lens helps us remain invested in companies like SpaceX, which once seemed speculative but now dominates commercial space launch. Or Tempus AI, where the promise of genomic data to personalise cancer treatment continues to evolve. Or Stripe which has grown from an obscure internet payment processor into a platform handling volumes equivalent to 1.3% of global GDP.

Periods of rapid change are often uncomfortable. But they are also rich with opportunity. The environment ahead is unlikely to be more stable than the one we leave behind. Technology, demographics, energy, and geopolitics all continue to shift. And that is why our job remains what it has always been: to find the world's most exceptional growth companies, support them for the long term, and allow them to do the heavy lifting on behalf of our shareholders.

**Tom Slater**

## **Manager Review – Lawrence Burns**

Most companies simply do not matter. Research shows that only a small number of companies make investing in the stock market worthwhile. These companies are outliers that exploit the asymmetric pay-off structure of equities: uncapped upside yet mathematically bounded downside. Whether the world is serene or chaotic, our objective remains the same: to find and invest in extraordinary companies capable of delivering outlier returns.

### **Asymmetric Returns**

#### **The Scope for Uncapped Upside and Bounded Downside**

Finding outliers is a challenging endeavour. They are, by definition, very rare, whilst their characteristics are heterogeneous. Define the parameters of your search too narrowly, and you risk missing out on a new generation of outliers that might look very different from those of the past. It is therefore important for us to be open-minded about the sources of growth, maturity, financial characteristics and nature of operational excellence that lead to outlier outcomes.

Outliers can be young, fast-growing companies, such as Chinese e-commerce giant PDD, which is still less than 10 years old. PDD falls just outside our top ten outliers, but has still delivered a 6x return for shareholders since its IPO in 2018. This has been achieved through explosive growth, compounding revenues on average over 110% each year while going from heavily loss-making to generating \$15bn in profit last year.

Outliers can also be much older businesses with less explosive but steadier, more resilient growth. Ferrari celebrated its 85th birthday last year, but was still able to deliver an 11x return for Scottish Mortgage shareholders over the decade. Since we invested in 2015, the company has grown the number of cars it sells each year by less than 7%, but with incredible pricing power, rising margins, and the market's growing appreciation of both the resilience and duration of demand for its products has still delivered outlier returns.

We believe the portfolio today has a diverse range of potential outliers. With companies founded across the globe, from Stockholm to São Paulo to Singapore. The nature of the growth is also diverse, from rockets to digital banking apps to the most coveted handbags in the world.

We would be wary of being too prescriptive as to the characteristics of outliers, but there are several commonalities we have observed over the years:

#### **1) Outliers are Unconventional**

It is not possible to achieve extraordinary outcomes through ordinary methods. Therefore, the strategy, culture and leaders of outliers usually appear as unorthodox.

In the case of SpaceX, to dramatically lower launch costs, it took a radically different approach. It sought to make rockets reusable. To accelerate innovation, it rejected the traditional aerospace approach of extensive planning and validation before building a prototype. Instead, it adopted an iterative approach of rapidly building prototypes, testing them, analysing the results and implementing improvements in subsequent designs.

In practice, this has meant early test flights, which have often ended in spectacular explosions. Traditional aerospace companies go to great lengths to avoid public failures, whilst SpaceX broadcasts them live to global audiences and frames them as valuable learning opportunities. This approach to learning has allowed the company to develop rockets in a fraction of the time and at a fraction of the cost of their competitors.

Backing unconventional companies can look prescient when they are successful, but when they fail, you usually end up looking very foolish. However, a willingness to look foolhardy is a necessary requirement for investing in outliers.

## **2) Outliers are Long-Term Focused**

It takes many years, not quarters, to seize large market opportunities and for formidable competitive advantages to form. To succeed, outliers are focused on these long-term outcomes, not maximising value creation over the short or even medium-term.

For much of its history, Amazon's approach to profitability defied stock market conventions. The company chose not to make profits for many years and instead constantly reinvested back into the business. This long-term approach allowed the company to build out its delivery infrastructure, deepening its competitive moat, seed new business areas such as Amazon Web Services, and deter others who did want to make a profit from competing against them.

Many of the companies we invest in are founder-run because such a leadership structure enables long-term decision making. Others, like Ferrari and Hermès, benefit from multi-generational family ownership to provide a long-term perspective. The Hermès family owners have even committed not to sell any shares until 2041 at the earliest. We find it pleasing to own companies that can make us appear short-term by comparison.

## **3) Outliers Address Large Opportunities**

Unsurprisingly, outliers need a large market opportunity. This allows a company to grow to multiples of its current size. Wise, the UK-based financial technology company, facilitated £68 billion in cross-border transfers in just 6 months last year. However, it still served less than 5% of the consumer cross-border market and less than 1% of the business cross-border market. The company's mission is thus to create the financial infrastructure capable of serving not billions but trillions. It has ample space to grow and to continue its outlier journey.

The most rewarding outliers have what we call multiple acts. Having achieved success in one large market, they leverage their advantages to be successful in another. Amazon started as an online book seller but leveraged its e-commerce business to build its cloud services business. Today, Amazon Web Services contributes 70% of Amazon's operating profit. Nvidia started out producing graphics chips for PC gamers before investing heavily and presciently in artificial intelligence.

Mercadolibre started as a Latin American e-commerce platform. However, to reduce the friction of completing transactions when few people had credit or even debit cards, it developed a payment platform and started offering credit. It leveraged the relationship with its e-commerce customers and its data insights from their purchases to offer a broad range of financial services. Today, its fintech revenues exceed 40% of the business. It may even have a third act emerging as an advertising platform, leveraging the data its e-commerce and fintech platforms provide to tailor adverts to users.

Spotify is leveraging its leading position in music streaming to offer podcasts, audiobooks and is running a pilot program for education content here in the UK. This pattern of multiple acts is repeated again and again amongst the most rewarding outliers. As business analysts, it requires us to take an imaginative and creative approach to model the possible (never the certain) value of additional acts at a nascent and uncertain stage. The challenge is often to imagine just how valuable an outlier can become.

## **4) Outliers are Adaptable**

Outliers are not static but adapt to both opportunities and challenges. Companies must evolve to changing circumstances because to be static is to become obsolete.

The history of outlier companies is one of adaptation. Meituan started 15 years ago as a Groupon clone, fighting with an estimated 5,000 start-ups in China that were also using the group-buying model. It emerged from the so-called "Clone Wars" victorious, pivoting the business into food delivery, travel and other services before we eventually invested.

Hermès started as a manufacturer of high-quality equestrian gear for the horse-drawn carriages of noblemen and royalty. It took a century before it produced its first luxury handbag. When I first met the founder of Bytedance (TikTok's parent company), it was to talk about its flagship product, Toutiao, a personalised news aggregation app. A precursor to Douyin and TikTok.

The end of the pandemic made even clearer the importance of investing in adaptable organisations. The world changed, demand for digital products and services slowed, and the cost of capital rose as interest rates soared. A number of the leaders in our portfolio recognised this shift in the external environment and pivoted their companies. Mark Zuckerberg of Meta and Daniel Ek of Spotify both sought to right-size their organisations to the new environment early, focusing on efficiency and profitability. At the same time, both still invested in new growth areas, with Meta spending billions to develop AI tools such as its large-language AI model Llama, whilst Spotify entered into the audiobook market. I remember visiting Mercadolibre in Uruguay in 2022, where the management team talked with confidence about the size of future growth opportunities, but also the realisation that profitless growth would no longer be rewarded by the stock market. The pivot to balance growth and profitability has rewarded both them and their shareholders handsomely in the years since that visit.

The world is constantly changing. We cannot predict all the ways in which it will change over our five-to ten-year investment horizon. Right now, no one can even predict what global trade will look like 90 days from now. However, if we are able to invest in companies with adaptive leaders and cultures, we can at least outsource some of this challenge to them. It is for this reason that we endeavour to back great businesses that are run by people far smarter than ourselves.

### **Lawrence Burns**

Portfolio executive summary, 30 largest holding and list of investments at 31 March 2025 can be accessed [here](#).

## Income statement

### For the year ended 31 March

		2025 Revenue £'000	2025 Capital £'000	2025 Total £'000	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000
	Notes						
Gains on investments		–	1,273,082	<b>1,273,082</b>	–	1,405,658	<b>1,405,658</b>
Currency gains		–	22,682	<b>22,682</b>	–	22,211	<b>22,211</b>
Income	2	32,906	–	<b>32,906</b>	40,046	–	<b>40,046</b>
Investment management fee	3	–	(37,022)	<b>(37,022)</b>	–	(35,580)	<b>(35,580)</b>
Other administrative expenses		(12,653)	–	<b>(12,653)</b>	(5,634)	–	<b>(5,634)</b>
<b>Net return before finance costs and taxation</b>		<b>20,253</b>	<b>1,258,742</b>	<b>1,278,995</b>	<b>34,412</b>	<b>1,392,289</b>	<b>1,426,701</b>
Finance costs of borrowings		–	(55,682)	<b>(55,682)</b>	–	(54,981)	<b>(54,981)</b>
<b>Net return before taxation</b>		<b>20,253</b>	<b>1,203,060</b>	<b>1,223,313</b>	<b>34,412</b>	<b>1,337,308</b>	<b>1,371,720</b>
Tax		(2,377)	(3,177)	<b>(5,554)</b>	(1,723)	(4,034)	<b>(5,757)</b>
<b>Net return after taxation</b>		<b>17,876</b>	<b>1,199,883</b>	<b>1,217,759</b>	<b>32,689</b>	<b>1,333,274</b>	<b>1,365,963</b>
<b>Net return per ordinary share</b>	4	<b>1.39p</b>	<b>93.18p</b>	<b>94.57p</b>	<b>2.33p</b>	<b>94.95p</b>	<b>97.28p</b>

The total column of this statement is the profit and loss account of the Company. The supplementary revenue and capital return 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 all gains and losses of the Company have been reflected in the above statement.

**Balance sheet**  
**As at 31 March**

	Notes	2025 £'000	2025 £'000	2024 £'000	2024 £'000
<b>Fixed assets</b>					
Investments held at fair value through profit or loss	6		13,665,731		14,118,531
<b>Current assets</b>					
Debtors		69,511		266,379	
Cash at bank and in hand		9,013		123,762	
		78,524		390,141	
<b>Creditors</b>					
Amounts falling due within one year:	7				
Bank loans		(441,592)		(213,735)	
Other creditors and accruals		(37,923)		(227,143)	
		(479,515)		(440,878)	
<b>Net current liabilities</b>			(400,991)		(50,737)
<b>Total assets less current liabilities</b>			13,264,740		14,067,794
<b>Creditors</b>					
Amounts falling due after more than one year:	8				
Bank loans		(139,454)		(379,937)	
Loan notes		(991,493)		(998,991)	
Debenture stock		(51,328)		(51,793)	
Provision for deferred tax liability				(7,259)	
			(1,182,275)		(1,437,980)
<b>Net assets</b>		<b>12,082,465</b>		<b>12,629,814</b>	
<b>Capital and reserves</b>					
Called up share capital	10		74,239		74,239
Share premium account			928,400		928,400
Capital redemption reserve			19,094		19,094
Capital reserve			11,057,697		11,591,680
Revenue reserve			3,035		16,401
<b>Total shareholders' funds</b>		<b>12,082,465</b>		<b>12,629,814</b>	
<b>Net asset value per ordinary share</b>					
(after deducting borrowings at book)*			<b>1006.0p</b>		<b>911.3p</b>

The Financial Statements of Scottish Mortgage Investment Trust PLC (Company registration No. SC007058), on pages 82 to 105 of the Annual Report and Financial Statements, were approved and authorised for issue by the Board, and were signed on its behalf on 21 May 2025.

Justin Dowley  
Chair

\* See Glossary of terms and Alternative Performance Measures at the end of this announcement.

**Statement of changes in equity**  
**For the year ended 31 March 2025**

	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve * £'000	Revenue reserve * £'000	Total shareholders' funds £'000
Shareholders' funds at 1 April 2024		74,239	928,400	19,094	11,591,680	16,401	<b>12,629,814</b>
Net return after taxation		—	—	—	1,199,883	17,876	<b>1,217,759</b>
Ordinary shares bought back into treasury	10	—	—	—	(1,709,766)	—	<b>(1,709,766)</b>
Dividends paid during the year	5	—	—	—	(24,100)	(31,242)	<b>(55,342)</b>
<b>Shareholders' funds at 31 March 2025</b>		<b>74,239</b>	<b>928,400</b>	<b>19,094</b>	<b>11,057,697</b>	<b>3,035</b>	<b>12,082,465</b>

**For the year ended 31 March 2024**

	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve * £'000	Revenue reserve * £'000	Total shareholders' funds £'000
Shareholders' funds at 1 April 2023		74,239	928,400	19,094	10,434,896	41,371	<b>11,498,000</b>
Net return after taxation		—	—	—	1,333,274	32,689	<b>1,365,963</b>
Ordinary shares bought back into treasury	10	—	—	—	(176,490)	—	<b>(176,490)</b>
Dividends paid during the year	5	—	—	—	—	(57,659)	<b>(57,659)</b>
<b>Shareholders' funds at 31 March 2024</b>		<b>74,239</b>	<b>928,400</b>	<b>19,094</b>	<b>11,591,680</b>	<b>16,401</b>	<b>12,629,814</b>

\* The revenue reserve and the capital reserve (to the extent it constitutes realised profits) are distributable.

## Cash flow statement

For the year ended 31 March

	Notes	2025 £'000	2025 £'000	2024 £'000	2024 £'000
<b>Cash flows from operating activities</b>					
Net return before taxation		1,223,313		1,371,720	
<b>Adjustments to reconcile company net return before tax to net cash flow from operating activities</b>					
(Gains)/losses on investments		(1,273,082)		(1,405,658)	
Currency (gains)/ losses		(22,682)		(22,211)	
Finance costs of borrowings		55,682		54,981	
Taxation					
Overseas withholding tax and capital gains tax incurred		(12,611)		(1,685)	
Other capital movements					
Changes in debtors and creditors		3,663		(4,344)	
<b>Cash from operations</b>			(25,717)		(7,197)
Interest paid			(56,746)		(55,193)
<b>Net cash outflow from operating activities</b>			(82,463)		(62,390)
<b>Cash flows from investing activities</b>					
Acquisitions of investments		(2,234,476)		(677,577)	
Disposals of investments		4,002,653		1,014,781	
<b>Net cash inflow from investing activities</b>			1,768,177		337,204
<b>Cash flows from financing activities</b>					
Equity dividends paid	5	(55,342)		(57,659)	
Ordinary shares bought back into treasury and stamp duty thereon		(1,747,606)		(122,056)	
Bank loans repaid		(843,506)		(657,625)	
Bank loans drawn down		843,506		504,505	
<b>Net cash outflow from financing activities</b>			(1,802,948)		(332,835)
Decrease in cash at bank and in hand			(117,234)		(58,021)
Exchange movements			2,485		(3,162)
Cash at bank and in hand at start of period			123,762		184,945
<b>Cash at bank and in hand at end of period*</b>			<b>9,013</b>		<b>123,762</b>

\* Cash at bank and in hand represent cash at bank and short term money market deposits repayable on demand.



## Notes to the financial statements

- The Financial Statements for the year to 31 March 2025 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and on the basis of the accounting policies set out below which are unchanged from the prior year and have been applied consistently.

### 2. Income

	2025 £'000	2024 £'000
Income from investments		
Overseas dividends*	28,423	28,452
Overseas interest	1,215	7,512
	<b>29,638</b>	<b>35,964</b>
Other income		
Deposit interest	3,268	4,082
<b>Total income</b>	<b>32,906</b>	<b>40,046</b>
Total income comprises:		
Dividends from financial assets designated at fair value through profit or loss	28,423	28,452
Interest from financial assets designated at fair value through profit or loss	1,215	7,512
Interest from financial assets not at fair value through profit or loss	3,268	4,082
	<b>32,906</b>	<b>40,046</b>

\* Overseas dividend income represents income from equity holdings. There was no income from preference share (non-equity) holdings during the year (2024 – nil).

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

The Investment Management Agreement sets out the matters over which the Managers have authority in accordance with the policies and directions of, and subject to restrictions imposed by, the Board. The Investment Management Agreement is terminable on not less than six months' notice. The annual management fee for the year to 31 March 2025 was 0.30% on the first £4 billion of total assets less current liabilities (excluding short term borrowings for investment purposes) and 0.25% on the remaining assets.

### 4. Net return per ordinary share

	2025 Revenue	2025 Capital	2025 Total	2024 Revenue	2024 Capital	2024 Total
Net return per ordinary share	<b>1.39p</b>	<b>93.18p</b>	<b>94.57p</b>	<b>2.33p</b>	<b>94.95p</b>	<b>97.28p</b>

Revenue return per ordinary share is based on the net revenue after taxation of £17,876,000 (2024 – £32,689,000), and on 1,287,655,573 (2024 – 1,404,228,553) ordinary shares, being the weighted average number of ordinary shares (excluding treasury shares) during the year.

Capital return per ordinary share is based on the net capital return for the financial year of £1,199,883,000 (2024 – net capital return of £1,333,274,000), and on 1,287,655,573 (2024 – 1,404,228,553) ordinary shares, being the weighted average number of ordinary shares (excluding treasury shares) during the year.

There are no dilutive or potentially dilutive shares in issue.

## 5. Ordinary dividends

	2025	2024	2025 £'000	2024 £'000
Amounts recognised as distributions in the year:				
Previous year's final (paid 11 July 2024)	2.64p	2.50p	35,175	35,190
Interim (paid 13 December 2024)	1.60p	1.60p	20,167	22,469
	<b>4.24p</b>	<b>4.10p</b>	<b>55,342</b>	<b>57,659</b>

Also set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of section 1158 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £17,876,000 (2024 – £32,689,000).

	2025	2024	2025 £'000	2024 £'000
<b>Dividends paid and payable in respect of the year:</b>				
Interim dividend per ordinary share (paid 13 December 2024)	1.60p	1.60p	20,167	22,469
Proposed final dividend per ordinary share (payable 10 July 2025)	2.78p	2.64p	33,389	36,587
	<b>4.38p</b>	<b>4.24p</b>	<b>53,556</b>	<b>59,056</b>

If approved, the recommended final dividend on the ordinary shares will be paid on 10 July 2025 to shareholders on the register at the close of business on 13 June 2025. The ex-dividend date is 12 June 2025. The Company's Registrars offer a Dividend Reinvestment Plan and the final date for elections for this dividend is 19 June 2025.

## 6 Fair value hierarchy

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>As at 31 March 2025</b>				
Equities/funds	9,880,944	–	–	<b>9,880,944</b>
Private company ordinary shares	–	–	835,363	<b>835,363</b>
Private company preference shares†	–	–	2,875,069	<b>2,875,069</b>
Private company convertible notes	–	–	18,872	<b>18,872</b>
Limited partnership investments	–	–	54,928	<b>54,928</b>
Contingent value rights	–	–	555	<b>555</b>
Total financial asset investments	<b>9,880,944</b>	<b>–</b>	<b>3,784,787</b>	<b>13,665,731</b>

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>As at 31 March 2024</b>				
Equities/funds	10,370,152	–	–	<b>10,370,152</b>
Private company ordinary shares	–	–	822,338	<b>822,338</b>
Private company preference shares†	–	–	2,766,518	<b>2,766,518</b>
Private company convertible notes	–	–	90,155	<b>90,155</b>
Limited partnership investments	–	–	66,289	<b>66,289</b>
Contingent value rights	–	–	3,079	<b>3,079</b>
Total financial asset investments	<b>10,370,152</b>	<b>–</b>	<b>3,748,379</b>	<b>14,118,531</b>

During the period, Bolt Projects Holdings, Tempus AI Inc and Horizon (book cost – £51,643,000, £159,627,000 and £37,062,000 respectively) were transferred from Level 3 to Level 1 on becoming listed (2024 – Oddity; bookcost – £26,689,000). The fair value of listed investments is bid value or, in the case of holdings on certain recognised overseas exchanges, last traded price. Listed investments are categorised as Level 1 if they are valued using unadjusted quoted prices for identical instruments in an active market and as Level 2 if they do not meet all these criteria but are, nonetheless, valued using market data.

† 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 on initial recognition. In accordance with Financial Reporting Standard 102, the preceding tables 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.

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

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

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

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

The valuation techniques used by the Company are explained in the accounting policies on page 86 of the Annual Report and Financial Statements. A sensitivity analysis by valuation technique of the unlisted securities is on page 105 of the Annual Report and Financial Statements.

During the year, Bolt Projects Holdings, Tempus AI Inc and Horizon (bookcost – £51,643,000, £159,627,000 and £37,062,000 respectively) were transferred from Level 3 to Level 1 on becoming listed (2024 – Oddity; bookcost – £26,689,000).

### **Private company investments**

Private company investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Managers. The valuation process is overseen by the Private Companies Valuations Group at Baillie Gifford which is independent from the portfolio managers and which takes advice from an independent third party (S&P Global). The Managers' private company investment policy applies techniques consistent with the International Private Equity and Venture Capital Valuation Guidelines 2022 ('IPEV'). The techniques applied are predominantly market-based approaches. The market-based approaches available under IPEV are set out below and are followed by an explanation of how they are applied to the Company's private company portfolio:

- Multiples;
- Industry Valuation Benchmarks; and
- Available Market Prices.

The nature of the private company portfolio currently will influence the valuation technique applied. The valuation approach recognises that, as stated in the IPEV Guidelines, the price of a recent investment, if resulting from an orderly transaction, generally represents fair value as at the transaction date and may be an appropriate starting point for estimating fair value at subsequent measurement dates. However, consideration is given to the facts and circumstances as at the subsequent measurement date, including changes in the market or performance of the investee company. Milestone analysis is used where appropriate to incorporate the operational progress of the investee company into the valuation. Additionally, the background to the transaction must be considered. As a result, various multiples-based techniques are employed to assess the valuations particularly in those companies with established revenues. Discounted cashflows are used where appropriate. An absence of relevant industry peers may preclude the application of the Industry Valuation benchmarks technique and an absence of observable prices may preclude the Available Market Prices approach. Valuations are typically cross-checked for reasonableness by employing relevant alternative techniques.

The private company investments are valued according to a three monthly cycle of measurement dates. The fair value of the private company investments will be reviewed before the next scheduled three monthly measurement date on the following occasions:

- at the year end and half year end of the Company; and
- where there is an indication of a change in fair value as defined in the IPEV guidelines (commonly referred to as ‘trigger’ events).

## 7. Creditors – amounts falling due within one year

	2025 £'000	2024 £'000
The Royal Bank of Scotland International Limited 3 year revolving loan	131,706	134,574
National Australia Bank Limited 2 year revolving loan	77,474	–
Scotiabank US\$300 million 2.23% fixed rate loan*	232,412	–
Scotiabank 3 year revolving loan	–	79,161
Purchases for subsequent settlement	–	149,148
Other creditors and accruals	37,923	77,995
	<b>479,515</b>	<b>440,878</b>

\* Expires on 29 March 2026 and included in creditors falling due after less than one year at 31 March 2025.

Included in other creditors is £9,066,000 (2024 – £9,426,000) in respect of the investment management fee.

### Borrowing facilities at 31 March 2025

A 2 year US\$100 million revolving loan facility has been arranged with National Australia Bank (expiring 16 December 2026).

A 3 year US\$170 million revolving loan facility has been arranged with The Royal Bank of Scotland International Limited (expiring 8 January 2027).

A 5 year US\$25 million revolving loan facility has been arranged with The Royal Bank of Scotland International Limited (expiring 27 August 2026).

A 1 year US\$75 million revolving loan facility has been arranged with Industrial and Commercial Bank of China Limited (expiring 11 March 2026).

The revolving loan facilities are classified as due within one year due to the revolving nature of the facilities and the short draw down periods. The facilities are available until their termination dates which are noted above. The maturity table on page 103 of the Annual Report and Financial Statements reflects the termination dates of the revolving facilities.

At 31 March 2025 drawings were as follows:

National Australia Bank Limited	US\$100 million (revolving facility expiring 16 December 2026) at an interest rate (at 31 March 2025) of 5.9553% per annum
The Royal Bank of Scotland International Limited	US\$170 million (revolving facility expiring 8 January 2027) at an interest rate (at 31 March 2025) of 5.6287% per annum

At 31 March 2024 drawings were as follows:

Scotiabank	US\$100 million (revolving facility expiring 17 December 2024) at an interest rate (at 31 March 2024) of 6.360% per annum
The Royal Bank of Scotland International Limited	US\$170 million (revolving facility expiring 8 January 2027) at an interest rate (at 31 March 2024) of 6.613% per annum

During the year the National Australia Bank (‘NAB’) US\$350 million revolving credit facility which had been undrawn was replaced with a US\$100 million 2 year revolving credit facility from NAB which was used to refinance the fully drawn US\$100 million Scotiabank revolving credit facility when

it expired. The undrawn US\$120 million revolving credit facility with Industrial and Commercial Bank of China ('ICBC') was replaced following its expiry with a one year US\$75 million revolving credit facility with ICBC

The main covenants which are tested monthly are:

- (i) Total borrowings shall not exceed 35% of the Company's adjusted net asset value.
- (ii) Total borrowings shall not exceed 35% of the Company's adjusted total assets.
- (iii) The Company's minimum net asset value shall be £2,500 million.
- (iv) The Company shall not change the investment manager without prior written consent of the lenders.

## 8. Creditors – amounts falling due after more than one year

	Nominal rate %	Effective rate %	2025 £'000	2024 £'000
<b>Debenture stocks:</b>				
£50 million 6–12% stepped interest debenture stock 2026	12.0	10.8	50,653	51,118
£675,000 4½% irredeemable debenture stock			675	675
<b>Unsecured loan notes:</b>				
£30 million 2.91% 2038	2.91	2.91	29,973	29,971
£150 million 2.30% 2040	2.30	2.30	149,852	149,842
£50 million 2.94% 2041	2.94	2.94	49,951	49,949
£45 million 3.05% 2042	3.05	3.05	44,922	44,918
£30 million 3.30% 2044	3.30	3.30	29,946	29,943
£20 million 3.65% 2044	3.65	3.65	19,974	19,973
€18 million 1.65% 2045	1.65	1.65	15,048	15,372
£30 million 3.12% 2047	3.12	3.12	29,944	29,942
£90 million 2.96% 2048	2.96	2.96	89,904	89,899
€27 million 1.77% 2050	1.77	1.77	22,571	23,057
£100 million 2.03% 2036	2.03	2.03	99,938	99,932
£100 million 2.30% 2046	2.30	2.30	99,930	99,927
US\$175 million 2.99% 2052	2.99	2.99	135,426	138,368
US\$110 million 3.04% 2057	3.04	3.04	85,123	86,973
US\$115 million 3.09% 2062	3.09	3.09	88,991	90,925
<b>Long term bank loans:</b>				
US\$180 million RBSI 2.60% fixed rate loan 2026	2.60	2.60	139,454	142,490
US\$300 million Scotiabank 2.23% fixed rate loan 2026	2.23	2.23	–	237,447
Provision for deferred tax liability (see note below)			–	7,259
			<b>1,182,275</b>	<b>1,437,980</b>

### Debenture stocks

The debenture stocks are stated at the cumulative amount of net proceeds after issue, plus accrued finance costs attributable to the stepped interest debentures. The cumulative effect is to increase the carrying amount of borrowings by £653,000 (2024 – £1,118,000) over nominal value. The debenture stocks are secured by a floating charge over the assets of the Company.

### Unsecured loan notes

The unsecured loan notes are stated at the cumulative amount of net proceeds after issue. The cumulative effect is to reduce the carrying amount of borrowing by £1,047,000 (2024 – £1,099,000).

### Long term bank loans

The long term bank loans are stated at the cumulative amount of net proceeds after issue. The cumulative effect is to reduce the carrying amount of borrowing by £11,000 (2024 – £33,000). The main covenants are detailed in note 7 above.

### Provision for deferred tax liability

There is no deferred tax liability provision at 31 March 2025. The deferred tax liability provision at 31 March 2024 of £7,259,000 related to a potential liability for Indian capital gains tax that may have arisen on a sale of the Company's Indian investment, based on the net unrealised taxable capital gain at the period end and on enacted Indian tax rates. The Indian investment was sold in the year.

### Borrowing limits

Under the terms of the Articles of Association and the Debenture Trust Deeds, total borrowings should not exceed a sum equal to one half of the adjusted total of capital and reserves at the Company's year end.

9. The fair value of borrowings at 31 March 2025 was £1,250,992,000 (2024 - £1,293,632,000). Net asset value per share (after deducting borrowings at fair value) was 1,037.0p (2024 – 936.6p).

### 10. Called up share capital

	2025 Number	2025 £'000	2024 Number	2024 £'000
Allotted, called up and fully paid ordinary shares of 5p each	1,201,051,727	60,053	1,385,868,493	69,293
Treasury shares of 5p each	283,729,153	14,186	98,912,387	4,946
<b>Total</b>	<b>1,484,780,880</b>	<b>74,239</b>	<b>1,484,780,880</b>	<b>74,239</b>

The Company's authority permits it to hold shares bought back 'in treasury'. Such treasury shares may be subsequently either sold for cash (at, or at a premium to, net asset value per ordinary share) or cancelled. In the year to 31 March 2025, 184,816,766 shares with a nominal value of £9,241,000 were bought back at a total cost of £1,709,766,000 and held in treasury (2024 – 21,750,035 shares with a nominal value of £1,088,000 were bought back at a total cost of £176,490,000 and held in treasury). At 31 March 2025 the Company had authority to buy back 76,702,287 ordinary shares.

Under the provisions of the Company's Articles, the share buy-backs are funded from the capital reserve.

In the year to 31 March 2025, the Company sold no treasury ordinary shares (31 March 2024 – no treasury ordinary shares). At 31 March 2025 the Company had authority to issue or sell from treasury 133,992,280 ordinary shares (283,729,153 shares were held in treasury at 31 March 2025).

11. Transaction costs on purchases amounted to £1,487,000 (2024 - £187,000) and transaction costs on sales amounted to £1,459,000 (2024 - £576,000).
12. The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2025 or 2024 but is derived from those accounts. Statutory accounts for 2024 have been delivered to the Registrar of Companies, and those for 2025 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.

### 13. Related Party Transactions

No Director has a contract of service with the Company. During the year no Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

The management fee payable for the year end and details of the management fee arrangements are included on note 3 above.

The Annual Report and Financial Statements will be available on the Managers' website [www.scottishmortgage.com](http://www.scottishmortgage.com)† on or around 22 May 2025.

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

An Alternative Performance Measure ('APM') 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. The APMs noted below are commonly used measures within the investment trust industry and serve to improve comparability between investment trusts.

### Total assets

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

### Net asset value ('NAV')

Also described as shareholders' funds. Net asset value ('NAV') 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, fair value and par value. An explanation of each basis is provided below. The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue (excluding treasury shares).

### Net asset value (borrowings at book)/shareholders' funds

Borrowings are valued at adjusted net issue proceeds. The value of the borrowings at book is set out on page 109 of the Annual Report and Financial Statements.

### Net asset value (borrowings at fair value) (APM)

Borrowings are valued at an estimate of their market worth. The value of the borrowings at fair is set out on page 109 of the Annual Report and Financial Statements and a reconciliation to Net asset value with borrowings at book value is provided below.

	31 March 2025	31 March 2024
Net asset value per ordinary share (borrowings at book value)	1006.0p	911.3p
Shareholders' funds (borrowings at book value)	£12,082,465,000	£12,629,814,000
Add: book value of borrowings	£1,623,867,000	£1,644,456,000
Less: fair value of borrowings	(£1,250,992,000)	(£1,293,632,000)
Net asset value (borrowings at fair value)	£12,455,340,000	£12,980,638,000
Shares in issue at year end (excluding treasury shares)	1,201,051,727	1,385,868,493
Net asset value per ordinary share (borrowings at fair value)	1,037.0p	936.6p

### Net asset value (borrowings at par) (APM)

Borrowings are valued at their nominal par value. The value of the borrowings at par is set out on page 109 of the Annual Report and Financial Statements and a reconciliation to Net asset value with borrowings at book value is provided below.

	31 March 2025	31 March 2024
Net asset value per ordinary share (borrowings at book value)	1006.0p	911.3p
Shareholders' funds (borrowings at book value)	£12,082,465,000	£12,629,814,000
Add: allocation of interest on borrowings	£739,000	£1,273,000
Less: expenses of debenture/loan note issue	(£1,144,000)	(£1,286,000)
Net asset value (borrowings at par value)	£12,082,060,000	£12,629,801,000
Shares in issue at year end (excluding treasury shares)	1,201,051,727	1,385,868,493
Net asset value per ordinary share (borrowings at par value)	1006.0p	911.3p

### Net Liquid Assets

Net liquid assets comprise current assets less current liabilities, excluding borrowings and provisions for deferred liabilities.



### Discount/premium (APM)

As stockmarkets and share prices vary, an investment trust's share price is rarely the same as its NAV. When the share price is lower than the NAV 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 NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, it is said to be trading at a premium.

		2025 NAV (book)	2025 NAV (fair)	2024 NAV (book)	2024 NAV (fair)
Closing NAV per share	(a)	1006.0p	1,037.0p	911.3p	936.6p
Closing share price	(b)	943.4p	943.4p	894.0p	894.0p
<b>(Discount)/premium ((b) – (a)) ÷ (a)</b>		<b>(6.2%)</b>	<b>(9.0%)</b>	<b>(1.9%)</b>	<b>(4.5%)</b>

### Ongoing charges ratio (APM)

The total expenses (excluding 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.

A reconciliation from the expenses detailed in the Income Statement above is provided below.

		2025 £'000	2024 £'000
Investment management fee		£37,022	£35,580
Other administrative expenses*		£3,878	£5,634
Total expenses	(a)	£40,900	£41,214
Average net asset value (with borrowings deducted at fair value)	(b)	£12,989,536	£11,877,157
<b>Ongoing charges ((a) ÷ (b)) expressed as a percentage</b>		<b>0.31%</b>	<b>0.35%</b>

\* Ongoing charges have been calculated excluding the impairment provision for the interest previously accrued relating to the Northvolt Convertible Note of £8.8m, following Northvolt's filing for bankruptcy in the year.

### 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.

Invested gearing represents borrowings at book value less cash at bank and in hand (including any outstanding trade settlements) expressed as a percentage of shareholders' funds.

		31 March 2025 £'000	31 March 2024 £'000
Borrowings (at book value)		£1,623,867	£1,644,456
Less: cash at bank and in hand		(£9,013)	(£123,762)
Less: sales for subsequent settlement		(£62,263)	(£253,707)
Add: purchases for subsequent settlement		–	£149,148
Adjusted borrowings	(a)	£1,552,591	£1,416,135
Shareholders' funds	(b)	£12,082,465	£12,629,814
<b>Gearing: (a) as a percentage of (b)</b>		<b>13%</b>	<b>11%</b>

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

		31 March 2025 £'000	31 March 2024 £'000
Borrowings (at book value)	(a)	£1,623,867	£1,644,456
Shareholders' funds	(b)	£12,082,465	£12,629,814
<b>Gross gearing: (a) as a percentage of (b)</b>		<b>13%</b>	<b>13%</b>

### Leverage (APM)

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

### Turnover

Annual turnover is calculated on a rolling 12 month basis. The lower of purchases and sales for the 12 months is divided by the average assets, with average assets being calculated on assets as at each month's end.

### 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.

### 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.

		2025 NAV (book)	2025 NAV (fair)	2025 Share price	2024 NAV (book)	2024 NAV (fair)	2024 Share price
Closing NAV per share/share price	(a)	1006.0p	1,037.0p	943.4p	911.3p	936.6p	894.0p
Dividend adjustment factor*	(b)	1.0046	1.0043	1.0047	1.0048	1.0046	1.0058
Adjusted closing NAV per share/share price	(c = a x b)	1010.6p	1041.5p	947.8p	915.7p	940.9p	899.2p
Opening NAV per share/share price	(d)	911.3p	936.6p	894.0p	816.8p	843.9p	678.6p
<b>Total return</b>	<b>(c ÷ d) — 1</b>	<b>10.9%</b>	<b>11.2%</b>	<b>6.0%</b>	<b>12.1%</b>	<b>11.5%</b>	<b>32.5%</b>

\* The dividend adjustment factor is calculated on the assumption that the dividends of 4.24p (2024 – 4.10p) paid by the Company during the year were reinvested into shares of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

### 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.

### Private (unlisted) company

An unlisted or private company means a company whose shares are not available to the general public for trading and are not listed on a stock exchange, including all Level 3 investments as per the fair value hierarchy in note 6 above.

### Third party data provider disclaimer

No third party data provider ('Provider') makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data. No Provider shall in any way be liable to any recipient of the data for any

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### **FTSE Index data**

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### **Sustainable Finance Disclosure Regulation ('SFDR')**

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

The AIFM has adopted Baillie Gifford & Co's stewardship principles and guidelines as its policy on integration of sustainability risks in investment decisions.

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

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

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

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

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

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

Scottish Mortgage is a low cost investment trust that aims to maximise total return over the long term from a high conviction and actively managed portfolio. It invests globally, looking for strong businesses with above-average returns.

You can find up to date performance information about Scottish Mortgage on the Scottish Mortgage page of the Managers' website at [scottishmortgageit.com](https://scottishmortgageit.com)‡

Scottish Mortgage is managed by Baillie Gifford, the Edinburgh based fund management group with around £207.7 billion under management and advice in active equity and bond portfolios for clients in the UK and throughout the world (as at 20 May 2025).

Investment Trusts are UK public limited companies and are not authorised or regulated by the Financial Conduct Authority.

‡ 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.

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 relevant stock markets in which the Company invests and by the supply and demand for the Company's shares.

21 May 2025

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