SCOTTISH MORTGAGE INVESTMENT TRUST

Annual Report and Financial Statements

31 March 2025

Managed by

Baillie Gifford™

Scottish Mortgage aims to identify, own and support the world's most exceptional growth companies. We aim to provide long-term funding and support for the companies and entrepreneurs building the future of our economy.

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Investor disclosure document

The UK Alternative Investment Fund Managers Regulations requires certain information to be made available to investors prior to their investment in the Company. The Company's Investor Disclosure Document is available for viewing at **scottishmortgage.com**.

Notes

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

Investment trusts are UK public listed companies and as such comply with the requirements of the Financial Conduct Authority. They are not authorised or regulated by the Financial Conduct Authority.

Scottish Mortgage Investment Trust PLC currently conducts its affairs, and intends to continue to conduct its affairs, so that the Company's ordinary shares can qualify to be considered as a mainstream investment product and can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the rules of the Financial Conduct Authority in relation to non-mainstream investment products.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000 immediately if you are in the United Kingdom or, if not, another appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your holding in Scottish Mortgage Investment Trust PLC, please forward this document, together with accompanying documents, but not your personalised Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.

Financial headlines

Year to 31 March 2025

Total returns

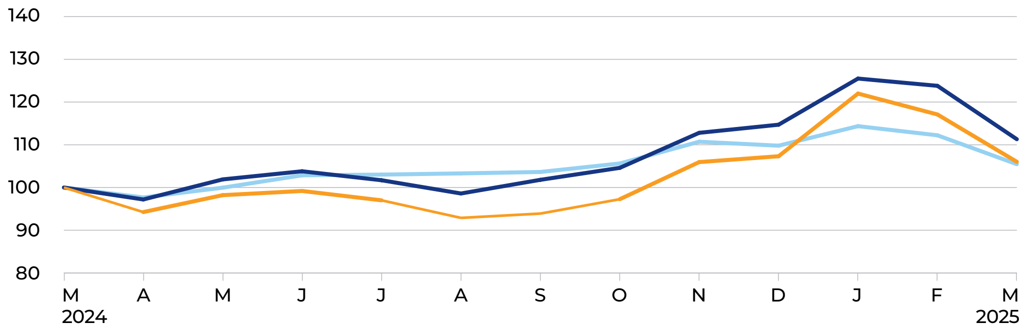
Share Price 6.0%	NAV 10.9% (borrowings at book value)	NAV 11.2% (borrowings at fair value)	FTSE All-World Index* 5.5%

All figures are stated on a total return basis. Total return is an Alternative Performance Measure – see Glossary of terms and Alternative Performance Measures on pages 119 to 121. Comparatives for 2024 can be found on page 22.

Share price, NAV and FTSE All-World Index

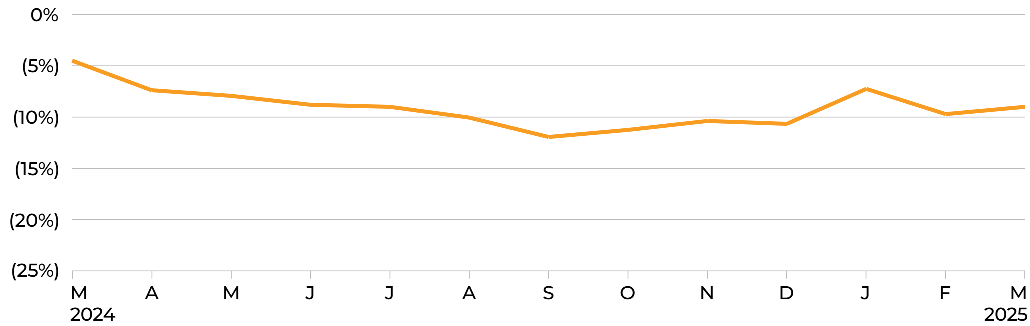
(figures rebased to 100 at 31 March 2024)

- Share price total return†
- NAV total return (after deducting borrowings at fair value)†
- FTSE All-World Index* total return†



Premium/(discount)†

- Premium/(discount) (after deducting borrowings at fair value†) plotted as at month end dates



Longer term performance (%)

	1 year	3 years	5 years	10 years
Share price	6.0	(6.6)	68.1	275.8
NAV (after deducting borrowings at fair value)	11.2	2.0	87.3	319.6
FTSE All-World Index*	5.5	26.5	99.0	181.6

All figures are stated on a total return basis† for period to 31 March 2025.

Source: LSEG/Baillie Gifford and relevant underlying index providers. See disclaimer on page 117.

* In sterling terms.

† Alternative Performance Measure – see Glossary of terms and Alternative Performance Measures on pages 119 to 121.

Past performance is not a guide to future performance.

An introduction to Scottish Mortgage

Our purpose

Scottish Mortgage aims to identify, own and support the world's most exceptional growth companies.

We aim to provide long-term funding and support for the companies and entrepreneurs building the future of our economy.

Our unconstrained approach enables us to have the broadest opportunity set spanning both public and private companies across the globe.

We see it as our duty to maximise total returns and limit fees so that shareholders keep more of the returns.

Our philosophy

What we do

Finding outliers

- The core of what we do is try to identify those big drivers of change and exploit those opportunities.
- Identifying robust companies with visionary leadership – can we find a company that can scale, run by people we trust?
- Only a small number of companies matter, what we aim to do is find the few that generate those extreme returns.

How we do it

Long-term patient capital

- We believe that the long-time horizon with which we approach investing is the source of much of our distinctiveness and edge versus the market.
- We are resolutely long term through the good times and the bad.
- **Progress is rarely a straight line**; we are comfortable with the notion that extreme returns and smooth performance are mutually exclusive.

Our mission is to identify forward-thinking companies, often still led by their visionary founders. Companies that are set to change the world. Why? Because we believe these outliers create the most exceptional growth

Who helps us

External insights – academics, scientists and founders

- We want to build relationships with people far cleverer and more interesting than ourselves.
- We can learn so much more about the future by engaging with those whose timeframes and perspectives are aligned with ours.
- By engaging with the 'philosophers of change' i.e. academics and scientists, we get diversity of thought which is largely lacking in financial markets.

When we do it

Public and private companies

- We seek to break down the artificial divide that exists between public and private companies by partnering with great growth companies on all stages of their journey.
- As an investment company, our evergreen structure means we are not time limited and thus have the flexibility to hold companies for as long as we see there is an opportunity for them to make outsized returns.
- Private companies offer a lens into the future – this gives us differentiated insights into how we manage shareholders' capital. Our reputation as a long-term, patient and committed investor gives us access to an inner sanctum of knowledge as to which companies are emerging that have the potential to shape our future.

Why we do it

Being partners not investors will have a genuine impact

- While on paper we may be called investors, our mindset is not that. We see ourselves as partners for the long term to our companies.
- We believe that the most promising ideas will always begin small, with an individual or group of individuals, a massive opportunity, and an audacious idea. We look to align ourselves with companies whose trajectory looks promising and where our support, influence, and shareholders' capital, can accelerate their progress.
- Innovation has the potential to change the world and have genuine impact. We, as providers of capital, can accelerate that change.

Invest in progress

As a shareholder you will be a part of...

Providing capital to the most **INNOVATIVE** growth companies in the world.

Supporting those visionary entrepreneurs who are **IMAGINING** what the future might look like.

Engaging with **INTRIGUING** minds in academic, scientific and entrepreneurial communities.

Participating in true, long-term **IMPACT** through engaging with companies who are transforming industries which will benefit societies and our environment.

Our structure

Scottish Mortgage is an investment trust – how does this structure benefit our shareholders?

Company status

Just like other public companies, Scottish Mortgage can and does borrow money to make additional investments. This financial gearing can amplify investment returns.

Our shareholders have rights, and we seek their approval, via votes, if we want to make significant changes.

A board of directors looks after the interests of our shareholders. They meet several times a year and are responsible for various governance matters, such as overseeing performance.

Scottish Mortgage has paid a modest but growing dividend for several decades. Our structure means we can utilise reserves and smooth income payments over time.

Permanent capital

The closed-ended structure provides a pool of permanent capital. Unlike open-ended funds, the portfolio remains intact and is not impacted by shareholder demand.

We have the freedom to invest for the long term and hold assets that can be harder to buy and sell – such as private companies.

Our extended time horizons are matched by our companies. This alignment underpins the prospect of enduring relationships.

Accessibility

Listed on the London Stock Exchange, Scottish Mortgage provides intra-day liquid access, and our shares are openly tradeable for investors from around the world.

There are no performance fees or minimum investment restrictions.

Shareholders could benefit from simplified tax reporting when compared with other structures that hold private companies.

Democratising access to private companies

We offer shareholders liquid access to private companies – a distinct offering in today's market.

We own companies uninterrupted on their journey from private to public – shareholders benefit from long-term compounded returns.

Access to private companies is dependent upon relationships and reputation – our shareholders benefit from the access we enjoy but without paying fees normally associated with private equity funds.

Underpinning everything is a genuine commitment to low costs. We believe our duty to shareholders is to limit fees. Put simply, lower charges directly translate into shareholders keeping more of the returns generated from their investment.

Our scale and commitment to low costs enables us to offer genuine value for money.

Although there are benefits to the investment trust structure, there are also risks involved.

Strategic report

This strategic report, which includes pages 4 to 56 and incorporates the statement from the Chair, has been prepared in accordance with the Companies Act 2006.

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 on pages 119 to 121.

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.

Past performance is not a guide to future performance.
See disclaimer on page 117.

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 on pages 119 to 121.

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), 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.

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**.

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.

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

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.

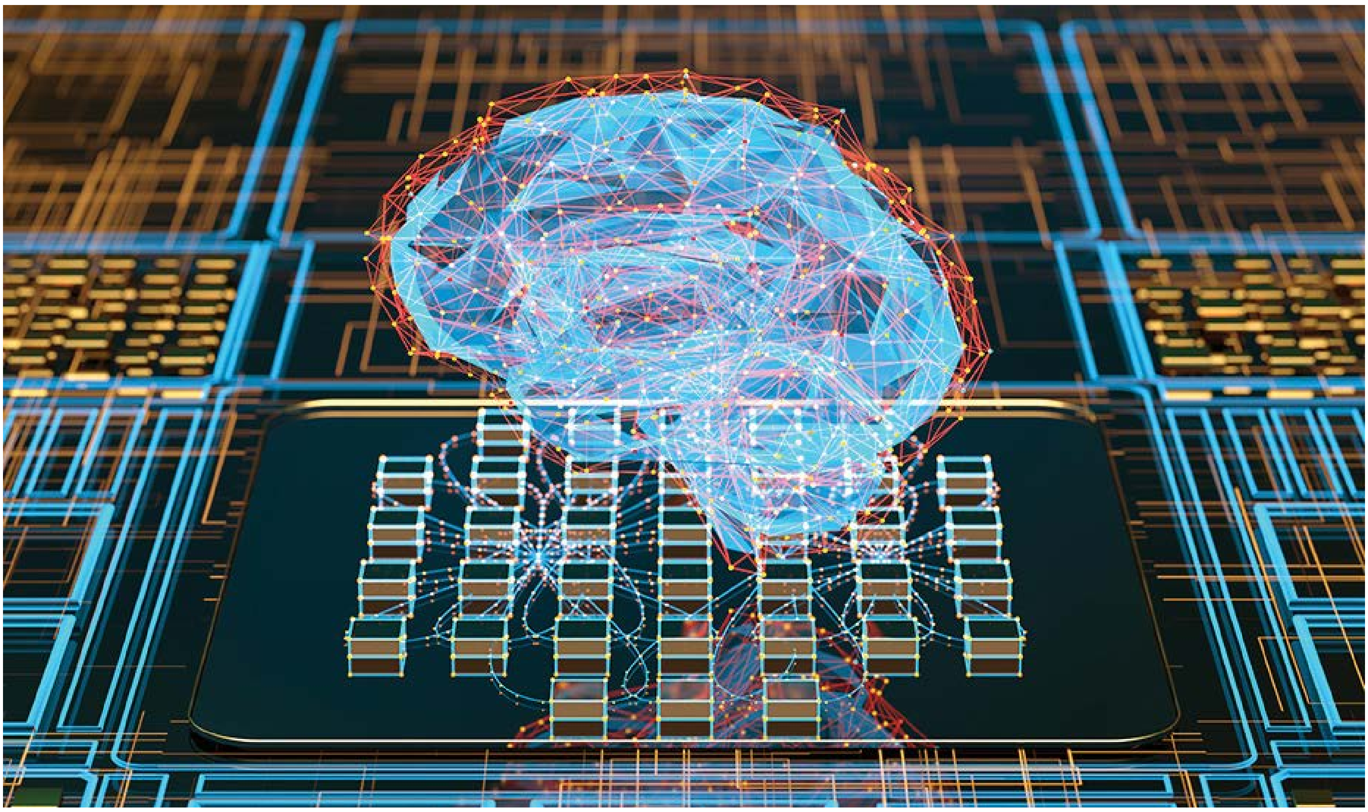
This wasn't inevitable. Two years ago, many of the businesses we own faced sharply higher funding costs and less forgiving public markets. The most ambitious took those signals seriously. They cut back on headcount growth, refocused on their core strengths, and made the kind of long-term decisions that 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.

> **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.



Artificial intelligence is driving real operational leverage today.

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.

Amazon's investments during the pandemic have transformed it into a more efficient, profitable company, ready for an AI-driven future.
© RONNY HARTMANN / Getty Images

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.

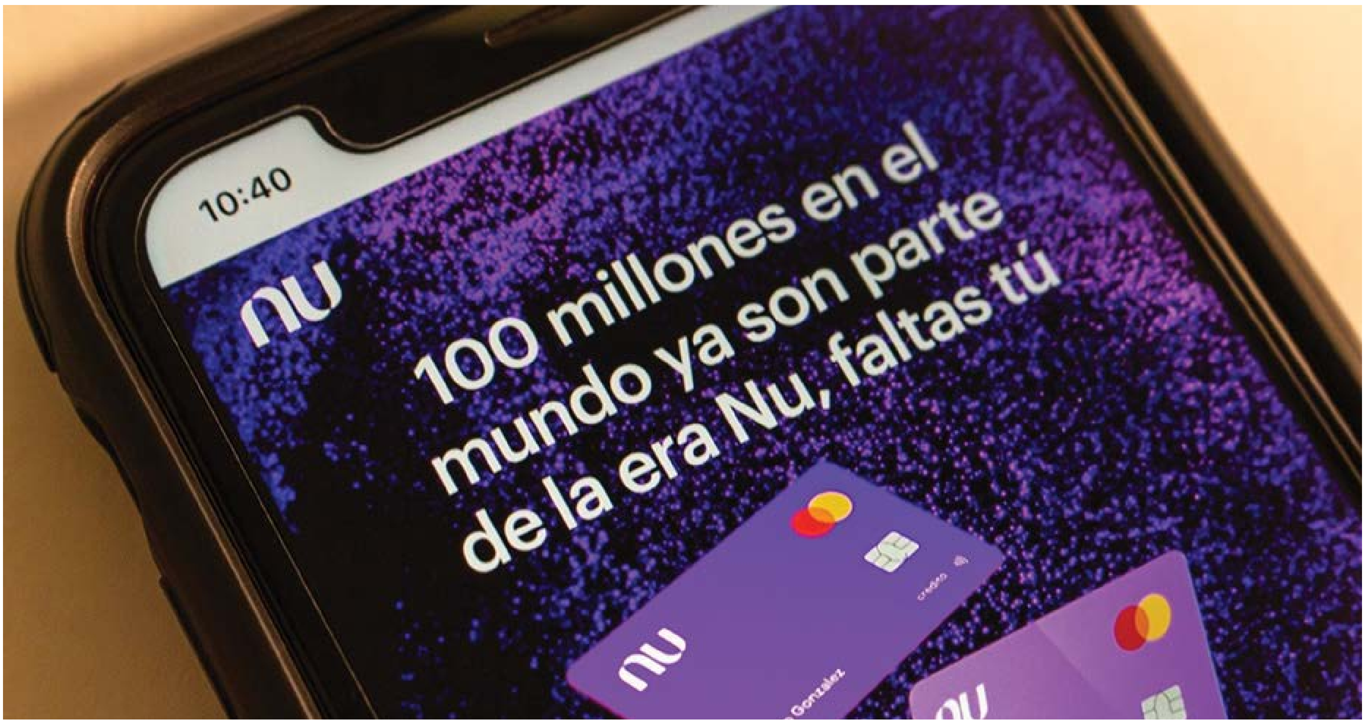
Resilience is far from guaranteed. A few of our investments faced more serious challenges. Moderna, once our largest holding, underperformed meaningfully. Vaccine fatigue and lower uptake of COVID boosters weighed on near-term demand, but we believe its mRNA platform remains one of the most promising 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 is the largest independent digital bank in the world outside China.

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.

BYD dominates China's electric vehicle market through vertical integration and scale, while expanding internationally.
© J. Lekavicius/Shutterstock

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.

Aurora Innovation is a leader in autonomous trucking.
© Continental

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 handing 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.

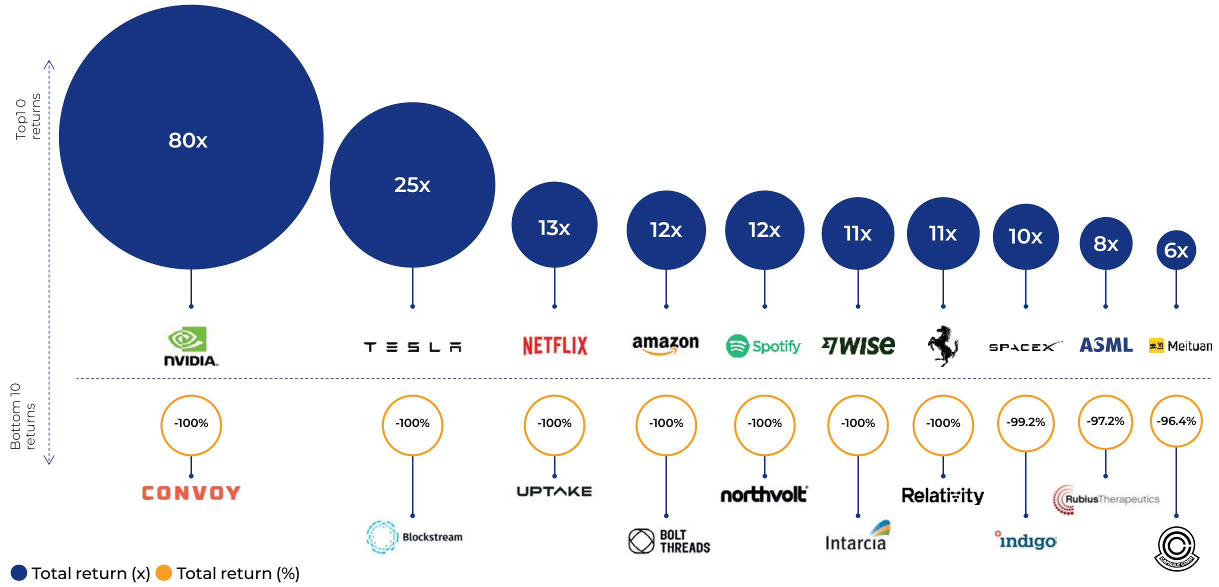
Tom Slater

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



Top and Bottom 10 Absolute Stock Contributors 10 Years to 31 March 2025.

Source: Revolution. Sterling. Total return of top and bottom 10 contributing equity holdings 31 March 2015 to 31 March 2025. Some stocks were only held for part of the period.

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.

The Hermès brand has benefited from multi-generational family ownership.
©Shutterstock / Fortgens Photography

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.

Meituan is the leading delivery service in China and has expanded into travel and other services.

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.

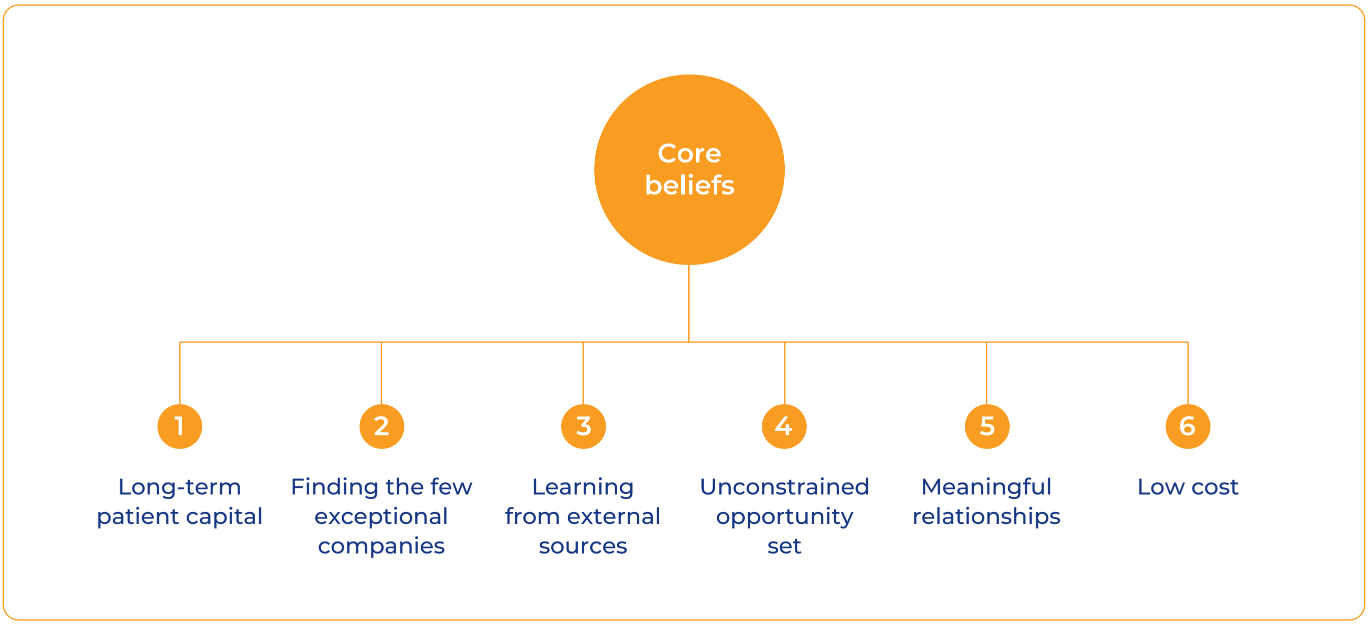
Lawrence Burns

Managers' core beliefs

Overview

Whilst fund managers claim to spend much of their careers assessing the competitive advantage of companies, they are notoriously reluctant to perform any such analysis on themselves. The tendency is to cite recent performance as evidence of skill despite the luck, randomness and mean-reverting characteristics of most such data. If this does not suffice then attention turns to a discussion of the high educational qualifications, hard work and exotic remuneration packages that the fund manager enjoys. Sometimes the procedural details of the investment process are outlined with heavy emphasis on risk controls. Little attention is given to either the distinctiveness of the approach or the strategic advantages the manager might enjoy in order to make imitation improbable. We think we should try to do better than this.

We can categorise our core beliefs into 6 key pillars.



1. Long-term patient capital

We are long term in our investment decisions. It is only over periods of at least five years that the competitive advantages and managerial excellence of companies become apparent. It is these characteristics that we want to identify and support. We own companies rather than rent shares. We do not regard ourselves as experts in forecasting the oscillations of economies or the mood swings of markets. Indeed we think that it is hard to excel in such areas as this is where so many market participants focus and where so little of the value of companies lies. Equally Baillie Gifford is more likely to possess competitive advantages for the good of shareholders when it adopts a long-term perspective. We are a 117–year–old Scottish partnership. We think about our own business over decades not quarters. Such stability may not be exciting but it does encourage patience in this most impatient of industries. We only judge our investment performance over five–year–plus time horizons. In truth it takes at least a decade to provide adequate evidence of investment skill.

The investment management industry is ill-equipped to deal with the behavioural and emotional challenges inherent in today's capital markets. Our time frame and ownership structure help us to fight these dangers. We are besieged by news, data and opinion. The bulk of this information is of little significance but it implores you to rapid and usually futile action. This can be particularly damaging at times of stress. Academic research argues that most individuals dislike financial losses twice as much as they take pleasure in gains. We fear that for fund managers this relationship is close to tenfold. Internal and external pressures make the avoidance of loss dominant. This is damaging in a portfolio context. We need to be willing to accept loss if there is an equal or greater chance of (almost) unlimited gain.

2. Finding the few exceptional companies

We are optimists. In a world where limiting volatility and avoiding downside is the dominant investor mentality, we focus unashamedly on the drivers and implications of corporate success. Limiting volatility can make sense for an overall investment portfolio but we doubt the benefits of using equities to meet this objective. The asymmetric payoff structure (you can make far more if you're right about a stock than you can lose if you're wrong) is the fundamental attraction of investing in equity markets. Whilst we have long believed in the impact of a small number of exceptional companies, even we are surprised by how narrowly returns have been shown to extend within the market. Our own research demonstrates that in the past thirty years approximately five per cent of stocks have returned at least five-fold in any five-year period. Over longer time horizons, this power law is even more dramatic. Academic work on the past ninety years of US data shows that over half of the excess return from equities came from just 90 companies. Investors enjoy little (if any) reward for taking the risk of owning the median stock in the market. Instead it is the outsized impact of a small number of exceptional companies that dominate the payoff structure.

In this context we have defined our core task more narrowly: to identify companies that have sufficient opportunity to deliver such outlying returns and to own them for long enough without interference so that the return accrues to our shareholders. We previously noted our investment time horizon to be at least five years. In practice, for businesses where our conviction has remained steadfast and our difference from the market view is clear, we have held the shares for far longer. Today eight of our top ten listed holdings have been held for more than five years and three have been held for more than ten.

We are global in stock selection, asset allocation and attribution. We are active not passive – or far worse – index plus in stock selection. Holding sizes reflect the potential upside and its probability (or otherwise) rather than the combination of the market capitalisation and geographical location of the company and its headquarters. We do not have sufficient confidence in our top-down asset allocation skills to wish to override stock selection. We do not have enough confidence in our market timing abilities to wish to add or remove gearing at frequent intervals. We do, however, have strong conviction that our portfolio should be comparatively concentrated, and that it is of little use to shareholders to tinker around the edges of indices. We think this produces better investment results and it certainly makes us more committed shareholders in companies. We suspect that selecting stocks on the basis of the past (their current market capitalisation) is a policy designed to protect the security of tenure of asset managers rather than to build the wealth of shareholders. Companies that are large and established tend to be internally complacent and inflexible. They are often vulnerable to assault by more ambitious and vibrant newcomers.

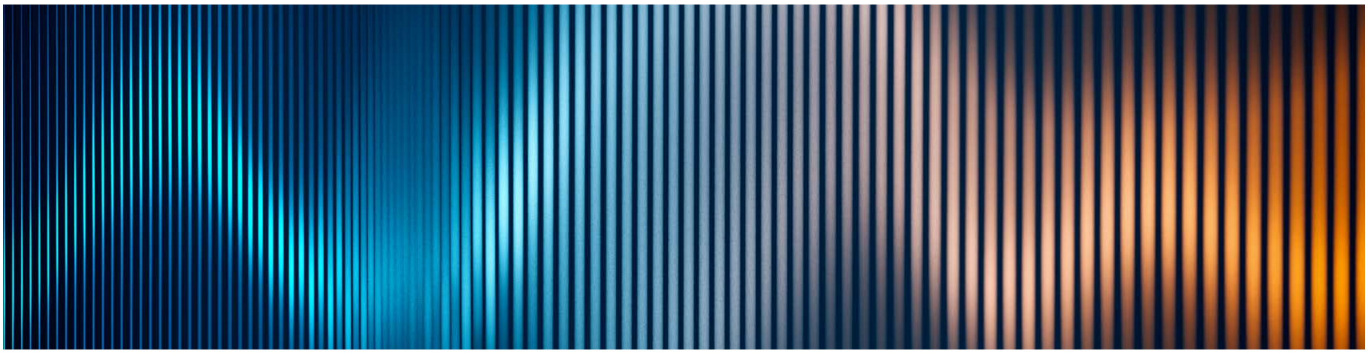
3. Learning from external sources

We are very dubious about the value of routine information. We have little confidence in quarterly earnings and none in the views of investment banks. We try to screen out rather than incorporate their noise. In contrast we think that the world offers joyous opportunities to hear views, perspectives and visions that are barely noticed by the markets. There is more in the investment world than the Financial Times or Wall Street Journal describe.

Some of you may have read some of the shortlisted titles for the Baillie Gifford Prize for Non-Fiction. We have invested in supporting interesting authors and sought to enhance our investment thinking with their insight. We have built relationships with academics and universities. We are funding research which we hope will inform our long run thinking on companies. At the same time, our time horizon is facilitating a different type of relationship with the management teams with whom we invest. They find little of value or interest in the endless cycle of quarterly updates. They delight in having less frequent and more in-depth discussion about the longer-term development of their business. Getting to listen to the entrepreneurs and visionaries that have built some of these outstandingly successful franchises is a hugely valuable input to our investment approach.

In turn, this is challenging us to re-evaluate our long-held belief that there is no opportunity for informational advantage in markets. Such inputs seem largely neglected in a world where 'colour on the quarter's numbers' is the main preoccupation of so-called investors.

The investment management industry is ill-equipped to deal with the behavioural and emotional challenges inherent in today's capital markets. Our time frame and ownership structure help us to fight these dangers.



4. Unconstrained opportunity set

We are Growth stock investors. Such has been the preference for Value and the search to arbitrage away minor rating differentials that investors find it very hard to acknowledge the extraordinary growth rates and returns that can be found today. The growth that we are particularly interested in is of an explosive nature and often requires minimal fixed assets or indeed capital. We think of it as 'Growth at Unreasonable Prices' rather than the traditional discipline of 'Growth at a Reasonable Price'. We need to be willing to pay high multiples of immediate earnings because the scale of future potential and returns can be so dramatic. On the stocks that flourish the valuation will have turned out to be derisorily low. On the others we will lose money.

Whilst listed equity markets currently remain the principal focus of our investments, the nature of capital markets has changed and our search for outliers has moved with it. Some of our most successful investee companies have benefited from (and indeed created) new growth models with dramatically lower financing requirements than has been the case historically. Access to online distribution has grown the addressable market for breakthrough businesses by an order of magnitude. The ability to harness third party infrastructure has drastically reduced the capital intensity of growth. This has made new companies less dependent on external financing. As a consequence, their boardrooms are not dominated by early financial investors looking to realise their gains and these companies are remaining private longer. They are being selective about their shareholders and they are reluctant to accept the burdens that accompany public status.

We are determined to own the most promising Growth companies in the world. To maintain our opportunity set we have expanded our operations in private markets. This has little impact on our investment process. Access to fluctuating daily quotations for our holdings is more often a distraction than an advantage for a fund with permanent capital. We are preoccupied with company fundamentals and increasingly indifferent to a company's private or public status. As access to the most promising private companies is dependent on relationships and reputation our task becomes more important, as it is much harder for our shareholders to invest directly. Our scale and commitment to low costs allows us to do this without changing our fee structure.

5. Meaningful relationships

Dialogue with management is a valuable input but the relationship extends in both directions. The investment management industry has ceded much of its role in the governance of companies to the vested interests of activist investors. We must do better. Ensuring strong governance and engaging with our holdings on matters of substance is our responsibility. More than that, it is essential if we are to be seen as attractive shareholders by our investee companies and if we are to maximise the returns we can generate on your behalf.

As we make these investments we are providing more primary capital to businesses and directly funding investment in future economic growth. The role of public equity markets in providing such investment capital has diminished. Declining holding periods and frenzied speculation around newsflow is the norm. More insidiously, the demand for immediate returns pressures companies to pay out their cashflows to shareholders rather than investing in their future. Professional management teams incentivised to maximise share prices have been happy to oblige, resulting in a declining proportion of cash flow being devoted to research and development or capital expenditure across the market. Such investments are needed more than ever in a world that is experiencing rapid change. Our holdings in public markets are heavily focused on companies whose ownership or management structure allows them to ignore such demands.

6. Low cost

We believe that it is our first duty to shareholders to limit fees. The ongoing charges ratio (0.31% as at 31 March 2025) is low by comparative standards. We think that the malign impact of high fees is frequently underestimated. The difference between an ongoing charges ratio of 0.31% and one of 1.5% may not appear great but if the perspective is altered to think of costs as a percentage of expected annual returns then the contrast becomes obvious. If annual returns average 10% then this is the difference between removing approximately 3% or 15% of your returns each year. Nor do we believe in a performance fee. Usually it undermines investment performance. It increases pressure and narrows perspective.

Stewardship and governance engagement

Long-term stewardship sits at the heart of our investment approach. Our time horizon and active approach to share ownership mean our conversations with companies shift from transactional to relational as we build enduring trust over time. The following examples demonstrate this process in action. They were chosen because they are ongoing engagements with companies from a breadth of industries illustrating some of the different types of challenges being faced.

ASML

Objective

To gain insights into ASML's strategic direction under the new chief executive officer (CEO) Christophe Fouquet.

Discussion

Our visit to ASML's Eindhoven facility provided a valuable opportunity to engage with the new CEO and other key executives. Christophe Fouquet was appointed CEO in April 2024 joining ASML in 2008. Our impression is that succession planning was well thought through, with Fouquet largely taking full control a year before the official handover date. As seamless as this transition has been, we do not underestimate the changes that Fouquet's appointment will bring. While the previous decade was characterised by the strong leadership of the former CEO and chief technology officer, Fouquet appears to be fostering a more distributed leadership approach across the company's 40,000+ employees. Given ASML's success over the past decade, we were intrigued to hear Fouquet openly discuss areas he aims to improve to ensure continued success. His humility was striking, exemplified by an anecdote where he requested a demotion upon joining ASML to first learn the ropes of lithography. Fouquet's strategic focus now is on adapting to individual customer requirements, acknowledging the diverse needs of major clients such as TSMC and Intel. The introduction of dedicated customer teams, led by the new Chief Customer Officer, Jim Koonmen, further demonstrates ASML's commitment to becoming even closer to its customers. Fouquet also emphasized the importance of ongoing cost reduction for clients, aiming to reduce the cost per exposure by 30% by the end of this decade.

Outcome

The meeting reinforced our confidence in ASML's culture of long-termism, strategic direction and technological leadership. Though the company remains confident in long-term demand, the roadmap is more complex than in the past. Fouquet has a clear vision for what the company needs at this stage in its evolution. His ability to reduce costs for clients while at the same time boosting ASML's margins will likely define the success of Fouquet's era. We will continue to monitor.

Netflix, Inc.

Objective

We met with Netflix executives to discuss the company's strategic direction and growth prospects, namely Netflix's approach to live sports and advertising efforts, while assessing their potential impact on long-term growth and profitability.

Discussion

Netflix's foray into live sports is cautious yet promising. The company successfully hosted a major event, the Paul versus Tyson fight, which tested technological limits and drew a massive audience, reminiscent of historic TV events. Management explained that this cautious approach to live sports is strategic, as Netflix aims to focus on high-value hours that can attract larger audiences and improve unit economics. The introduction of live sports is seen as a way to enhance Netflix's original content strategy, potentially increasing subscriber retention by offering a broader slate of must-watch live events. The company's advertising strategy appears to be still in development, and behind where we might have expected it to be over two years post-launch of the advertising tier. There are still some outstanding questions, especially on the topics of Netflix's ad tools and consumer relevance.

Outcome

The meeting provided valuable insights into Netflix's strategic initiatives, particularly in live sports and advertising. While the live sports strategy shows promise, the advertising approach requires further development. The opportunity in advertising is significant, and we will continue to engage with the company on progress in this area. This meeting was helpful in assessing Netflix's growth potential and identifying areas needing improvement to enhance long-term profitability.

Cloudflare, Inc.

Objective

We met with chief executive officer (CEO) Matthew Prince to discuss how Cloudflare is embracing Artificial Intelligence, its ambitions to improve CPU and GPU utilisation rates, and what growth rates we should expect from here.

Discussion

Workers AI is Cloudflare's serverless AI platform, which enables developers to run machine learning models on Cloudflare's global network of GPUs. Prince views this as an extension of the strategy that has served Cloudflare well in other segments: that is, identify areas of excess capacity within its network and then launch products to take advantage of this. Cloudflare can utilise capacity effectively because it has expertise in task scheduling and can transfer data for free around its distributed network. As a result, Cloudflare's CPUs run at 70-80 per cent utilisation versus the 20 per cent typically seen in data centres. They now want to adopt the same playbook to their GPUs, which typically run at even lower utilisation rates (5-8 per cent at the hyperscalers). If Cloudflare is able to replicate this utilisation uplift with its GPU network, it will be in a position to offer its customers cheaper AI inferencing. Additionally, because workloads are run locally, they will be faster and more compliant with local data laws. Admittedly, there are obvious trade-offs between speed and efficiency in this model, but Cloudflare prices for this and customers can choose whether their data stays fast and local or distributed and cheap. Prince is optimistic about the scale of the AI opportunity, however, admits that the speed of adoption is harder to ascertain and as such Cloudflare's capital expenditure commitments to date have been relatively modest. They are treating AI as they would other opportunities, building capacity to meet demand rather than ahead of demand. If executed well, the inferencing market could ultimately become Cloudflare's largest business segment. Nearer term, the new Head of Revenue Mark Anderson has reorganised the sales force, leading to improved productivity and is now in a position to increase headcount, which should see growth reaccelerate.

Outcome

This meeting helped us further understand how AI is likely to impact Cloudflare's future growth prospects and the pace at which we should expect the company to invest in this opportunity. The company's unique network architecture and proven ability to efficiently manage distributed resources provide a strong foundation for this next growth phase.

Proxy voting to 31 March 2025

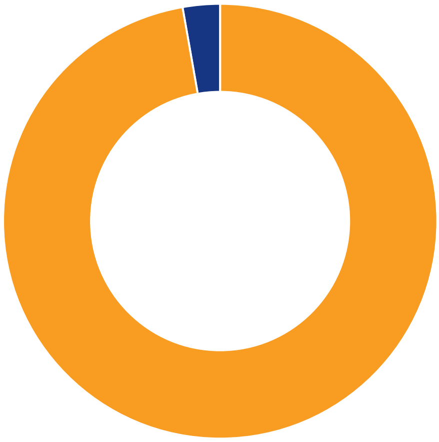
We believe that 'active ownership' of our clients' holdings is as important as selecting the right investments in the first instance. These guidelines are aligned with our stewardship principles and describe our approach to proxy voting and company engagement, the key levers of active ownership, often described as 'stewardship'.

While these guidelines are intended to provide an insight into how we approach voting on our clients' behalf, it is important to note that we assess every company individually. In voting, we will always evaluate proposals on a case-by-case basis, based on what we believe to be in the best long-term interests of our clients, rather than rigidly applying a policy.

A broad cross section of our investment staff are involved in our ongoing work on stewardship. In the same way that our investment approach is based around empowered and independent teams, our voting and engagement is led by the individual investment teams. In keeping with our decentralised and autonomous culture, our investment teams will, on occasion, elect to vote differently on the same general meeting resolutions. Where this happens, we report accordingly in the proxy voting disclosure on our website. We also have clear processes in place to identify, prevent and manage potential proxy voting related conflicts of interest to ensure that in all cases the firm acts in the clients' best interest. Baillie Gifford's firm-wide conflict of interest disclosure is available on our website.

Prior to taking any voting action, we usually address specific ESG concerns by engaging directly with the company, using voting as an escalation mechanism if we have not seen sufficient progress. Voting activity and the reasons for any resolutions voted against in the period is disclosed on the Company website and can be viewed at **scottishmortgage.com**.

Company meeting record and voting distribution†



Number of resolutions voted with management	788	97.3%
Number of resolutions voted against management, withheld or abstained	22	2.7%
Meetings not voted	–	–

† Voting distribution for resolutions proposed across all meetings held in the year.

One-year summary

The following information illustrates how Scottish Mortgage has performed over the year to 31 March 2025.

As at 31 March	2025	2024	% change
Shareholders' funds*	£ 12,082.5m	£12,629.8m	
Gearing†	12%	11%	
Net asset value per ordinary share (after deducting borrowings at fair value)†	1037.0p	936.6p	10.7%
Net asset value per ordinary share (after deducting borrowings at book)*	1,006.0p	911.3p	10.4%
Share price	943.4p	894.0p	5.5%
FTSE All-World Index (in sterling terms)			3.4%
Discount (after deducting borrowings at fair value)†‡	(9.0%)	(4.5%)	
Active share†	90%	90%	
Year to 31 March	**2025**	**2024**	
Dividends paid and proposed per ordinary share	4.38p	4.24p	3.3%
Revenue earnings per ordinary share	1.39p	2.33p	(40.3%)
Ongoing charges ratio†‡	0.31%	0.35%	

Year to 31 March	2025	2024
Total returns (%)†		
Net asset value per ordinary share (after deducting borrowings at fair value)‡	11.2	11.5
Net asset value per ordinary share (after deducting borrowings at book)	10.9	12.1
Share price‡	6.0	32.5
FTSE All-World Index (in sterling terms)	5.5	21.0

Year to 31 March	2025	2025	2024	2024
Year's high and low	**High**	**Low**	**High**	**Low**
Share price	1,133.0p	768.0p	894.0p	612.2p
Net asset value per ordinary share (after deducting borrowings at fair value)†	1,248.6p	870.5p	943.4p	771.6p
(Discount)/premium (after deducting borrowings at fair value)†‡	(4.6%)	(13.7%)	(4.4%)	(22.7%)
Average sector discount (AIC Global Sector)	(6.7%)	(9.7%)	(7.2%)	(14.3%)

Year to 31 March	2025	2024
Net return per ordinary share		
Revenue return	1.39p	2.33p
Capital return	93.18p	94.95p
	94.57p	**97.28p**

* See Glossary of terms and Alternative Performance Measures on pages 119 to 121.
† Alternative Performance Measure – see Glossary of terms and Alternative Performance Measures on pages 119 to 121.
‡ Key performance indicator.
Source: AIC/LSEG/Baillie Gifford and relevant underlying index providers. See disclaimer on page 117.

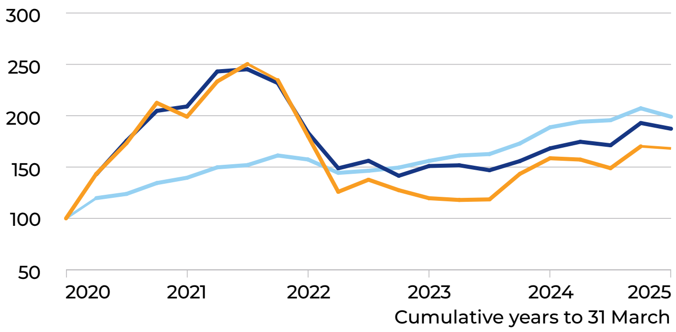
Past performance is not a guide to future performance.

Five-year summary

The following charts indicate how Scottish Mortgage has performed relative to the FTSE All-World Index*; and the dividend against the retail price index ('RPI') over the five year period to 31 March 2025.

Five year total return performance†

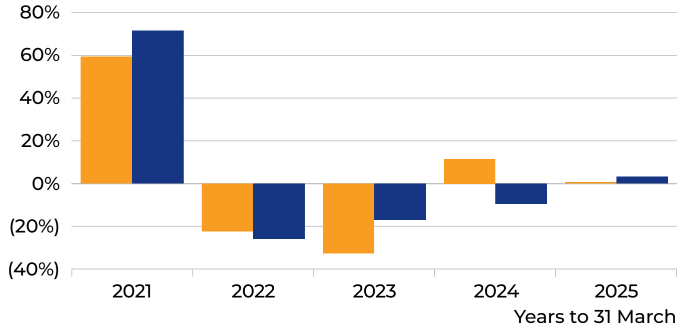
(figures rebased to 100 at 31 March 2020)



Source: LSEG/Baillie Gifford and relevant underlying index providers#. Dividends are reinvested.

- Share price total return†
- NAV (after deducting borrowings at fair value) total return†
- FTSE All-World Index total return*

Relative annual net asset value and share price total return† (compared to the FTSE All-World Index* total returns)

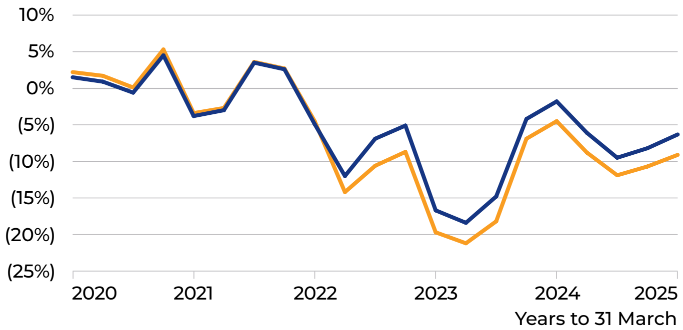


Source: LSEG/Baillie Gifford and relevant underlying index providers#. Dividends are reinvested.

- Share price total return†
- NAV (after deducting borrowings at fair value) total return†

Premium/(discount) to net asset value†

(plotted on a quarterly basis)

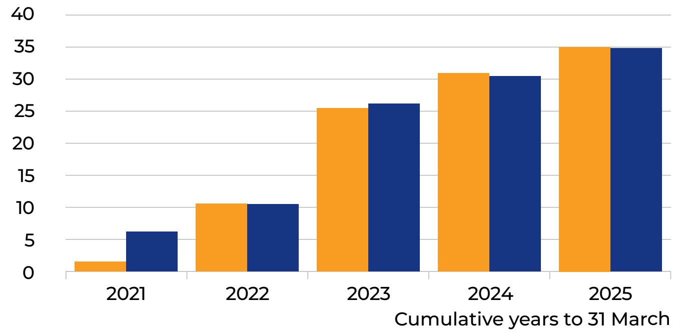


Source: LSEG/Baillie Gifford#.

- Scottish Mortgage premium/(discount) (after deducting borrowings at fair value)†
- Scottish Mortgage premium/(discount) (after deducting borrowings at par)†

Dividend and RPI growth

(figures rebased to 100 at 31 March 2020)

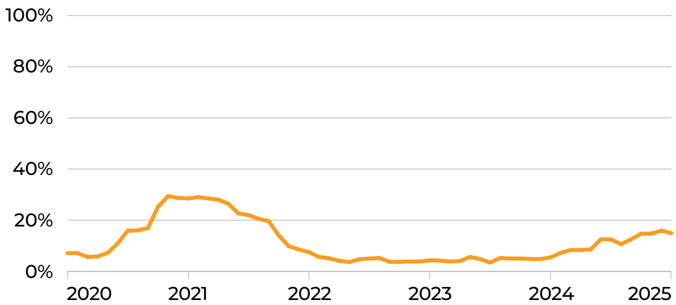


Source: LSEG/Baillie Gifford#.

- RPI
- Scottish Mortgage dividend

Five year turnover‡

(rolling 12 months turnover, plotted on a monthly basis)

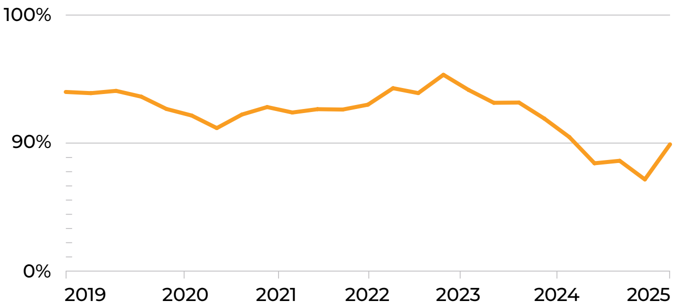


Source: Baillie Gifford.

- Turnover‡

Relative five year active share†

(compared to the FTSE All-World Index*, plotted on a quarterly basis)



Source: Baillie Gifford and relevant underlying index providers#.

- Active share†

* In sterling terms.
† Alternative Performance Measure – see Glossary of terms and Alternative Performance Measures on pages 119 to 121.
# See disclaimer on page 117.
‡ For a definition of terms see Glossary of terms and Alternative Performance Measures on pages 119 to 121.

Past performance is not a guide to future performance.

Ten-year record

Capital

At 31 March	Total assets * £'000	Borrowings £'000	Shareholders' funds * £'000	Net asset value per share (book) † p	Net asset value per share † (fair) p	Net asset value per share † (par) p	Share price p	Premium/ (discount) # (fair) %	Premium/ (discount) # (par) %
2015	3,820,439	487,221	3,333,218	267.6	262.4	268.0	267.2	1.8	(0.3)
2016	3,955,398	497,954	3,457,444	263.4	259.2	263.8	262.5	1.3	(0.5)
2017	5,383,157	509,566	4,873,591	358.7	354.6	359.0	366.1	3.2	2.0
2018	6,673,471	485,715	6,187,756	443.5	439.9	443.7	442.2	0.5	(0.3)
2019	8,133,391	703,461	7,429,930	504.0	500.8	504.2	512.0	2.2	1.5
2020	9,151,409	906,775	8,244,634	567.3	565.7	567.5	573.5	1.4	1.1
2021	18,229,261	1,237,332	16,989,470	1,195.1	1,190.0	1,195.2	1,137.0	(4.5)	(4.9)
2022	16,888,759	2,131,588	14,755,999	1,021.8	1,030.8	1,021.9	1,026.0	(0.5)	0.4
2023	13,324,519	1,823,294	11,498,000	816.8	843.9	816.9	678.6	(19.6)	(16.9)
2024	14,281,529	1,644,456	12,629,814	911.3	936.6	911.3	894.0	(4.5)	(1.9)
2025	**13,706,332**	**1,623,867**	**12,082,465**	**1,006.0**	**1,037.0**	**1,006.0**	**943.4**	**(9.0)**	**(6.2)**

Source: LSEG/Baillie Gifford. See disclaimer on page 117.

* See Glossary of terms and Alternative Performance Measures on pages 119 to 121.

† Net asset value per ordinary share has been calculated after deducting long term borrowings at either par, book or fair value (see note 19, page 109 and Glossary of terms and Alternative Performance Measures on pages 119 to 121).

\# Premium/(discount) is the difference between the Company's quoted share price and its underlying net asset value with borrowings at either par value or fair value. See Glossary of terms and Alternative Performance Measures on pages 119 to 121.

Revenue

Gearing ratios

Year to 31 March	Gross revenue £'000	Available for ordinary shareholders £'000	Revenue earnings per ordinary share ‡ p	Dividend paid and proposed per ordinary share (net) p	Ongoing charges ratio ¶ %	Gearing § %	Gross gearing ^ %
2015	38,964	27,540	2.24	2.93	0.48	12	15
2016	32,910	21,428	1.66	2.96	0.45	13	14
2017	27,796	14,136	1.07	3.00	0.44	9	10
2018	30,663	16,701	1.20	3.07	0.37	7	8
2019	28,187	23,669	1.64	3.13	0.37	9	9
2020	28,914	22,865	1.55	3.25	0.36	10	11
2021	16,347	9,069	0.62	3.42	0.34	6	7
2022	23,262	16,581	1.16	3.59	0.32	13	14
2023	49,035	41,371	2.90	4.10	0.34	14	16
2024	40,046	32,689	2.33	4.24	0.35	11	13
2025	**32,906**	**17,876**	**1.39**	**4.38**	**0.31**	**13**	**13**

Source: Baillie Gifford.

‡ The calculation of earnings per ordinary share is based on the revenue after taxation and the weighted average number of ordinary shares in issue (excluding treasury shares) (see note 7, page 91).

¶ Calculated as total operating costs divided by average net asset value (with debt at fair value) in accordance with AIC guidelines. See Glossary of terms and Alternative Performance Measures on pages 119 to 121.

§ Total assets (including all debt used for investment purposes) less all cash at bank and in hand divided by shareholders' funds. See Glossary of terms and Alternative Performance Measures on pages 119 to 121.

^ Total assets (including all debt used for investment purposes) divided by shareholders' funds. See Glossary of terms and Alternative Performance Measures on pages 119 to 121.

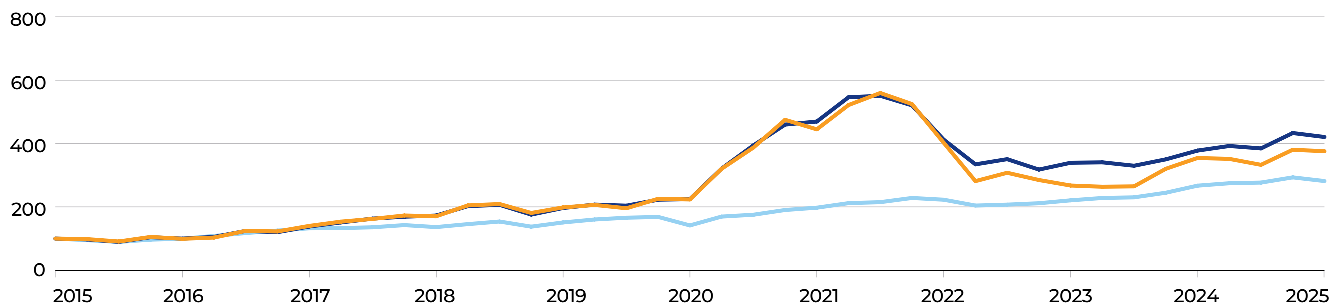
Cumulative performance (taking 2015 as 100)

At 31 March	Net asset value per share * (fair)	Net asset value total return * (fair)	FTSE All-World Index †	FTSE All-World Index † total return	Share price	Share price total return	Revenue earnings per ordinary share	Dividend paid and proposed per ordinary share (net)	Retail price index
2015	100	100	100	100	100	100	100	100	100
2016	99	100	97	100	98	99	74	101	102
2017	135	138	126	132	137	140	48	102	105
2018	168	173	126	136	165	170	54	105	108
2019	190	197	136	151	192	198	73	107	111
2020	216	225	125	142	215	224	69	111	114
2021	449	469	171	198	426	445	28	117	115
2022	393	412	189	223	384	402	52	123	126
2023	322	339	183	221	254	267	129	140	143
2024	357	378	216	267	335	354	104	145	149
2025	**396**	**421**	**224**	**282**	**353**	**376**	**62**	**149**	**154**
Compound annual returns (%)									
5 year	12.9	13.4	12.4	14.8	10.5	10.9	(2.2)	6.1	6.2
10 year	14.7	15.4	8.4	10.9	13.4	14.2	(4.7)	4.1	4.4

Source: LSEG/Baillie Gifford and relevant underlying index providers. See disclaimer on page 117.
* See Glossary of terms and Alternative Performance Measures on pages 119 to 121.
† In sterling terms.
All per share figures have been restated for the five for one share split on 30 June 2014.

Past performance is not a guide to future performance.

Ten-year total return performance#
(figures rebased to 100 at 31 January 2015)



Source: LSEG/Baillie Gifford and relevant underlying index providers. See disclaimer on page 113.
Share price total return#
NAV (after deducting borrowings at fair value) total return#
FTSE All-World Index‡ total return

#See Glossary of terms and Alternative Performance Measures on pages 119 to 121.
‡In sterling terms.

Portfolio executive summary

Performance (%)

	1 year	3 years	5 years	10 years
Share price	6.0%	(6.6%)	68.1%	275.8%
NAV (after deducting borrowings at fair value)	11.2%	2.0%	87.0%	319.6%
FTSE All-World Index†	5.5%	26.5%	99.0%	181.6%

All figures are stated on a total return basis* for period to 31 March 2025.
* Alternative Performance Measure – see Glossary of terms and Alternative Performance Measures on pages 119 to 121.
† In sterling terms.
Source: LSEG/Baillie Gifford and relevant underlying index providers. See disclaimer on page 117.

Key contributors and detractors to performance – year to 31 March 2025

Contributors	Contribution to absolute performance % *	Absolute performance % †
Tesla Inc	3.8	47.7
SpaceX Ⓤ	3.7	86.7
NVIDIA	2.5	16.8
Spotify Technology Ⓟ	2.2	103.7
Meituan Ⓟ	2.1	58.4

Detractors	Contribution to absolute performance % *	Absolute performance % †
Moderna Inc	(4.7)	(74.0)
Northvolt Ⓤ	(3.5)	(100.0)
ASML	(2.3)	(33.1)
Brandtech Ⓤ	(1.3)	(56.7)
Kering	(0.8)	(47.0)

* Contribution to absolute performance (in sterling terms) has been calculated to illustrate how an individual stock has contributed to the overall return. It is influenced by both share price performance and the weighting of the stock in the portfolio, taking account of any purchases or sales over the period.
† Absolute performance (in sterling terms) has been calculated on a total return basis over the period 1 April 2024 to 31 March 2025. For the definition of total return see Glossary of terms and Alternative Performance Measures on pages 119 to 121.
Ⓤ Denotes unlisted (private company) security.
Ⓟ Denotes listed security previously held in the portfolio as an unlisted (private company) security.

Investment changes

	Valuation at 31 March 2024 £'000	Net acquisitions/ (disposals) £'000	Appreciation/ (depreciation) £'000	Valuation at 31 March 2025 £'000
North America				
United States	7,672,357	(1,568,039)*	569,604	6,673,922
Canada	199,410	64,770†	54,918	319,098
South America				
Brazil	674,162	69,782#	149,821	893,765
Europe				
United Kingdom	444,812	67,112‡	(60,430)	451,494
Eurozone	2,367,791	(498,717)¶	(324,836)	1,544,238
Developed Europe	914,164	(266,723)§	166,227	813,668
Africa and the Middle East	105,029	159^	(2,521)	102,667
Asia				
China	1,520,546	(132,982)**	586,955	1,974,519
India	98,016	(113,317)††	15,301	–
Rest of Asia	122,244	652,074^^	118,042	892,360
Total investments	**14,118,531**	(1,725,881)	1,273,081	13,665,731
Net liquid assets	162,998	(124,881)	2,485	40,602
Total assets	**14,281,529**	(1,850,762)	1,275,566	13,706,333

The figures above for total assets are made up of total net assets before deduction of all borrowings.
* Includes significant purchases of Enveda, Aurora, DoorDash, Insulet, Meta Platforms, Recursion Pharmaceuticals and Roblox offset by complete sales of 10x Genomics, Clear Secure Inc, Vir Biotechnology and Zoom.
† Significant purchase of Shopify.
# Includes significant purchase of Nu Holdings.
‡ Includes purchase of Revolut offset by a reduction in Wise Plc.
¶ Includes significant purchase of Hermès International offset by significant reductions of ASML and Kering.
§ Includes significant purchase of Atlas Copco offset by complete sales of HelloFresh and Zalando.
^ Includes purchase of Antler East Africa Fund
** Includes significant purchases of BYD and Pinduoduo Inc offset by complete sales of Tencent Holdings and NIO
†† Includes complete sale of Housing Development Finance Corporation
^^ Includes significant purchases of Sea, TSMC and Coupang

Portfolio transactions – year to 31 March 2025

New buys	Additions	Private company follow-on rounds
ARCH Ventures Fund XIII Ⓤ	Adyen	Antler East Africa Fund I LP Ⓤ
BYD	Atlas Copco	ARCH Ventures Fund X Ⓤ
Enveda Ⓤ	Aurora Innovation Inc Class A Common Ⓟ	ARCH Ventures Fund XI Ⓤ
Hermes International	Coupang	ARCH Ventures Fund XII Ⓤ
Nu Holdings	DoorDash	ARCH Ventures Fund XIII Ⓤ
Revolut Ⓤ	Insulet	Blockchain.com Series E Pref. Ⓤ
TSMC	Meta Platforms	Databricks Inc Series J Pref. Ⓤ
	Pinduoduo Inc	PsiQuantum Series E Pref. Ⓤ
	Recursion Pharmaceuticals Inc Ⓟ	Relativity Space Inc Ⓤ
	Roblox	Zipline International Inc Series G Pref. Ⓤ
	Sea	
	Shopify	

Complete sales	Reductions
10x Genomics	Amazon.com
Clear Secure Inc	ASML
Housing Development Finance Corporation	Cloudflare
HelloFresh Ⓟ	Delivery Hero
NIO Inc Ⓟ	Ferrari
Tencent Holdings	Horizon Robotics Ⓟ
Udacity Inc Series D Pref. Ⓤ	Kering
Vir Biotechnology Inc Ⓟ	Kinnevik
Warby Parker Inc Ⓟ	Meituan Dianping Ⓟ
Zalando	MercadoLibre
Zoom	Moderna
	Netflix
	NVIDIA
	Spotify Technology SA Ⓟ
	Tempus AI Inc Ⓟ
	Tesla Inc
	Wise Plc Ⓟ

Ⓤ Denotes unlisted (private company) security.
Ⓟ Denotes listed security previously held in the portfolio as an unlisted (private company) security.

Portfolio themes

Source: Baillie Gifford & Co, and portfolio companies for use of their logo. Please note, this graphic highlights the most exciting themes in the portfolio. It does not show all companies and themes.

Distribution of total assets*

Geographical 2025 (2024)

Asia 14.5% (11.0%)
China 14.5% (10.3%)
India nil (0.7%)

South America 6.5% (4.7%)
Brazil 6.5% (4.7%)

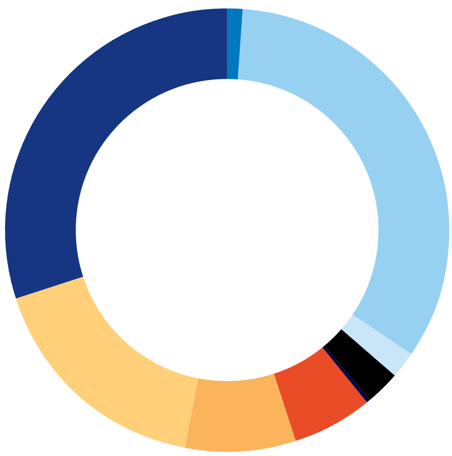
Rest of Asia 6.5% (0.9%)
Korea 1.0% (0.5%)
Singapore 2.0% (0.4%)
Taiwan 3.5% (nil)

North America 54.5% (55.3%)
United States 52.2% (53.9%)
Canada 2.3% (1.4%)

Europe 17.3% (27.4%)
United Kingdom 3.0% (4.4%)
Eurozone 9.7% (16.6%)
Developed Europe (non euro) 4.6% (6.4%)

Africa and the Middle East 0.7% (0.7%)
Nigeria <0.1% (<0.1%)
Israel 0.7% (0.7%)

Sectoral 2025 (2024)



Technology **30.0%** (30.1%)
Industrials **16.9%** (11.7%)
Healthcare **7.9%** (11.7%)
Financials **5.9%** (5.5%)
Net Liquid Assets **0.3%** (1.1%)
Basic Materials **1.2%** (1.8%)
Consumer Discretionary **33.5%** (35.0%)
Consumer Staples **1.9%** (2.3%)
Energy **2.4%** (0.8%)

* Total assets represents total net assets before deduction of all borrowings.

Thirty largest holdings and twelve month performance at 31 March 2025

Name		Business	Fair value 31 March 2025 £'000	% of total assets	Absolute performance* %	Fair value 31 March 2024 £'000
Space Exploration Technologies	Ⓤ	Designs, manufactures and launches rockets and spacecraft	1,071,116	7.8	86.7	573,837
MercadoLibre		Latin American ecommerce platform	807,112	5.9	26.3	674,162
Amazon.com		Online retailer and cloud computing	773,328	5.6	3.1	765,083
Meta Platforms		Social media	643,236	4.7	16.2	188,507
ByteDance Ltd	Ⓤ	Social media	565,982	4.2	72.9	327,399
Pinduoduo Inc		Chinese ecommerce	529,284	3.9	(0.5)	468,613
TSMC		Semiconductor manufacturing and design	475,447	3.5	11.3	–
Spotify Technology SA	Ⓟ	Online music streaming service	472,502	3.4	103.7	345,918
Meituan Dianping	Ⓟ	Local services aggregator	399,277	2.9	58.4	293,303
Ferrari		Luxury automobiles	391,400	2.9	(4.5)	468,557
ASML		Lithography	383,473	2.8	(33.1)	1,139,040
Stripe Inc	Ⓤ	Platform that provides payment processing solutions globally	353,938	2.6	34.5	263,146
Wise Plc	Ⓟ	Online platform to send and receive money	332,162	2.4	1.8	344,379
Shopify		Cloud-based commerce platform provider	319,098	2.3	21.1	194,841
NVIDIA		Semiconductor company that designs and sells advanced chips	312,137	2.3	16.8	1,142,723
Tempus AI Inc	Ⓟ	Offers molecular diagnostics tests for cancer and aggregates clinical oncology records	276,090	2.0	51.9	210,815
Sea		Consumer internet company	273,440	2.0	139.2	50,956
Adyen		Platform that provides payment processing solutions globally	264,794	1.9	(12.2)	280,698
Netflix		Subscription service for TV shows and movies	257,198	1.9	50.0	185,051
Aurora Innovation Inc Class A Common	Ⓟ	Developer of driverless vehicle technology	244,318	1.9	139.1	87,043
DoorDash		Operates an online food ordering and food delivery platform	226,576	1.7	30.2	100,425
Roblox		Online game platform and game creation system	217,157	1.6	49.6	126,771
BYD		Electric vehicle manufacturer	215,597	1.6	64.8	–
Cloudflare		Application software developer	202,662	1.5	13.8	169,462
Moderna		Clinical stage biotechnology company	189,433	1.4	(74.0)	776,316
Zipline International Inc	Ⓤ	Drone delivery	187,095	1.3	(12.6)	202,297
Insulet		Medical device company	160,835	1.2	50.7	26,151
Affirm Holdings Inc Class A	Ⓟ	Online platform which provides lending and consumer credit services	143,572	1.0	18.7	120,976
Coupang		Ecommerce company	143,473	1.0	20.9	71,288
Snowflake Inc	Ⓟ	Developer of a SaaS-based cloud data warehousing platform	142,988	1.0	(11.5)	161,590
			10,974,720	**80.2**		

* Absolute performance (in sterling terms) has been calculated on a total return basis over the period 1 April 2024 to 31 March 2025. For the definition of total return see Glossary of terms and Alternative Performance Measures on pages 119 to 121.

Ⓤ Denotes unlisted (private company) investment.

Ⓟ Denotes listed security previously held in the portfolio as an unlisted (private company) security.

† Multiple lines of stock held. Holding information represents the aggregate of all lines of stock.

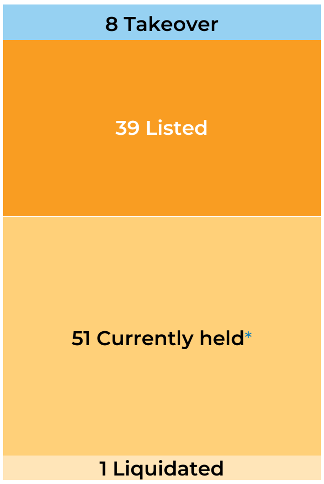
Source: Baillie Gifford/StatPro and underlying data providers. See disclaimer on page 117.

Past performance is not a guide to future performance.

Private companies summary

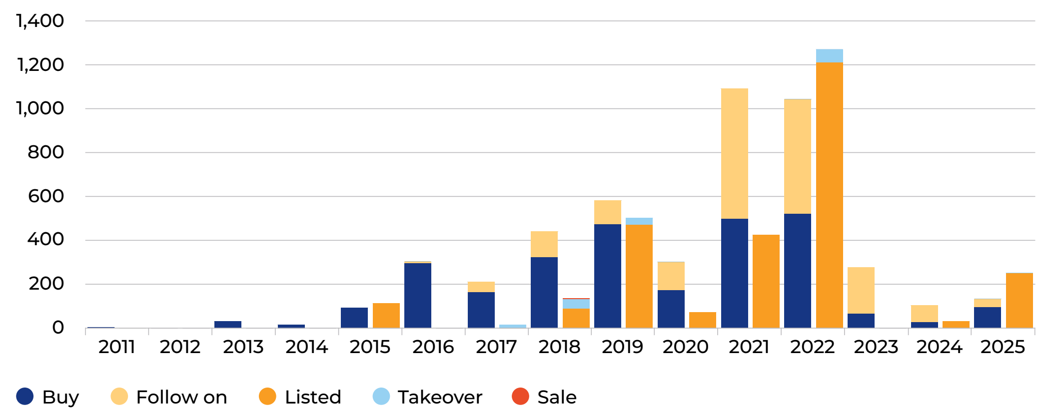
Historical snapshot

Since our first investment in Private Companies in 2012, Scottish Mortgage has deployed £4.6bn of capital in this area.



Transaction value

Showing all transactions prior to report date (£m).



* Includes Level 3 investment (see page 92).

Portfolio activity – year to 31 March 2025

£132m of new capital was deployed in private companies during the year (2024 – £109.4m).

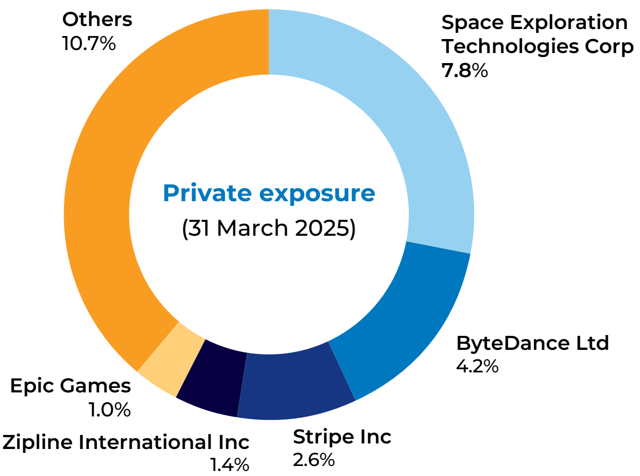
New buys	Follow on funding rounds		VC fund flow	
ARCH Ventures Fund XIII	Blockchain.com Series E Pref.	Relativity Space Inc	Antler East Africa Fund I LP	ARCH Ventures Fund XII
Enveda	Databricks Inc Series J Pref.	Zipline International Inc Series G Pref.	ARCH Ventures Fund X	ARCH Ventures Fund XIII
Revolut	PsiQuantum Series E Pref.		ARCH Ventures Fund XI	

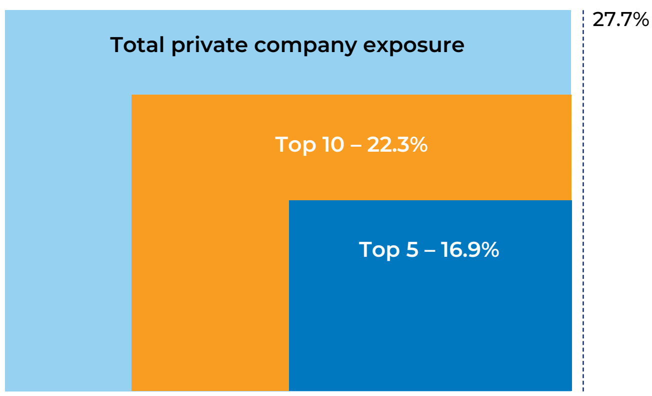
Udacity was taken-over during the period. Tempus AI Inc, Bolt Projects Holdings and Horizon listed during the period.

Concentration

At 31 March 2025 we held 51 private companies which equated to 27.7% of total assets.

- Five companies account for 61.0% of the private company exposure.
- Ten companies account for 80.5% of our private company exposure.

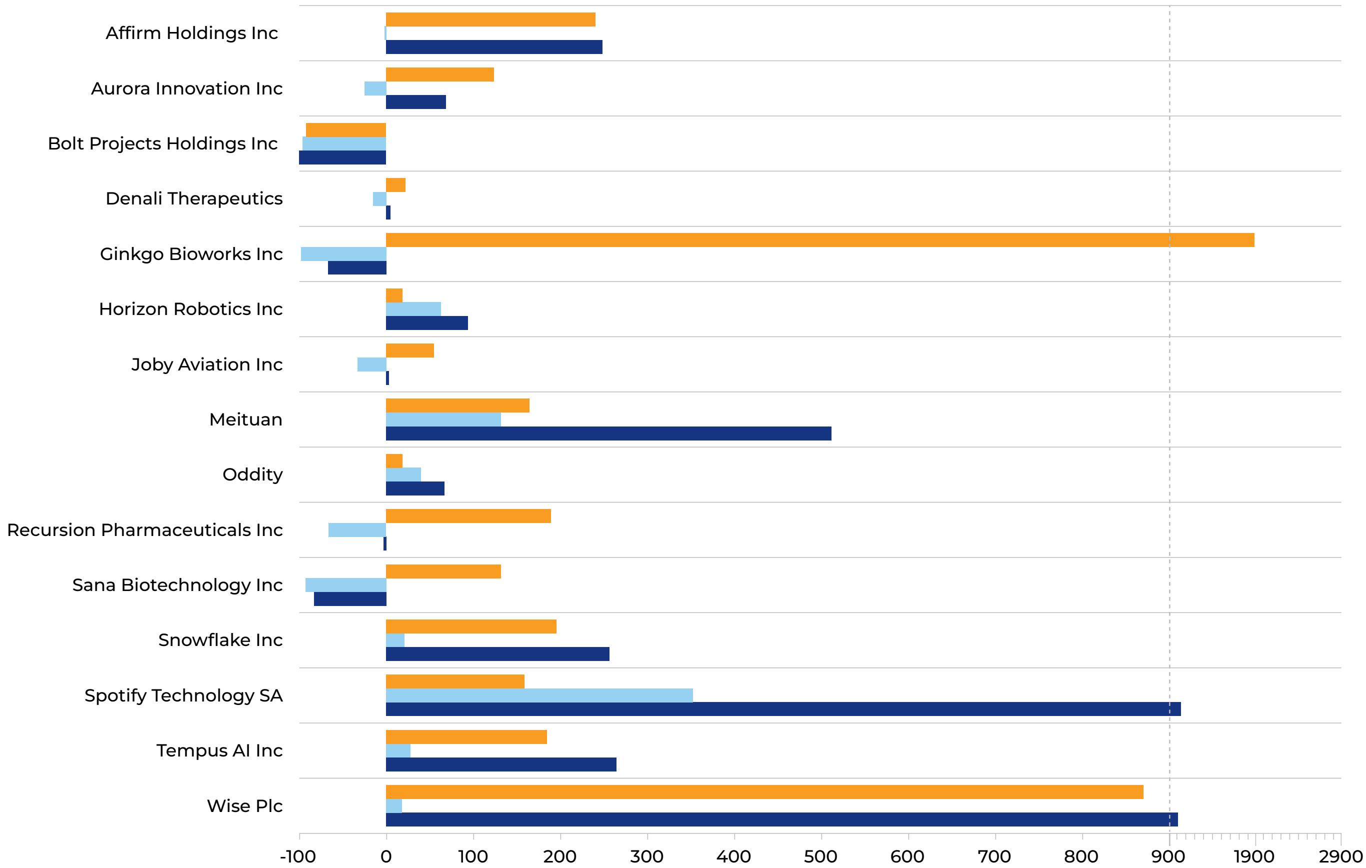




All figures stated as percentage of total assets, as at 31 March 2025.

Performance of listed holdings at 31 March 2025 held previously as private company investments from date of initial investment of each holding to 31 March 2025

(absolute performance in sterling terms %)

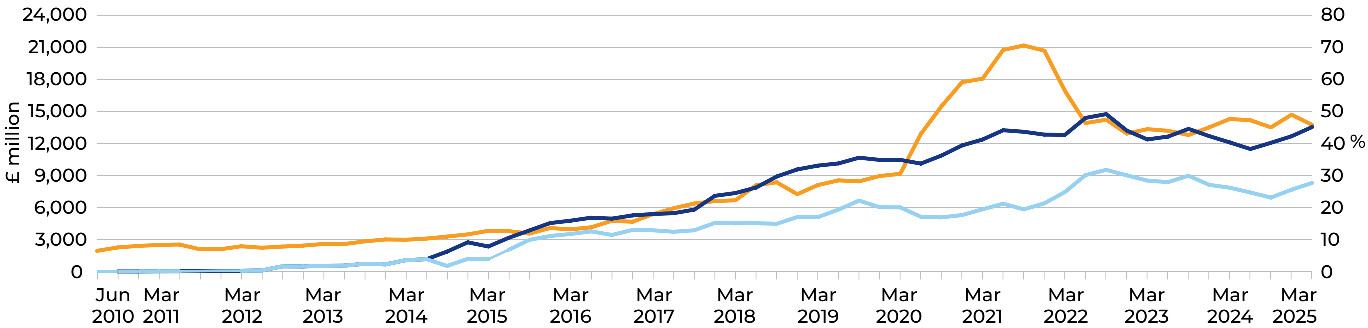


- Absolute performance from initial investment to initial public offering
- Absolute performance from initial public offering to 31 March 2025
- Total absolute performance from initial investment to 31 March 2025

Note: Absolute performance returns cannot be added together as they are geometric.
Source: StatPro/Baillie Gifford.

Private company securities and listed securities previously held as private company securities as a percentage of total assets*

(plotted quarterly from June 2010)



Source: Baillie Gifford.

- Total assets in sterling (left hand axis)
- Private company securities as a % of total assets (right hand axis)
- Private company securities and listed securities previously held in the portfolio as private comany securities as a % of total assets (right hand axis)

* See Glossary of terms and Alternative Performance Measures on pages 119 to 121.

Size

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

Cap	Total equity value (USD)	Portfolio %	Number of holdings
Micro	<$300m	0.5	9
Small	$300m–$2bn	4.7	16
Medium	$2bn–$10bn	4.6	7
Large	>$10bn	17.9	7
		27.7	**39**

As at 31 March 2025. There are 11 limited partnership investment funds and one contingent value rights instrument not included in the table above.

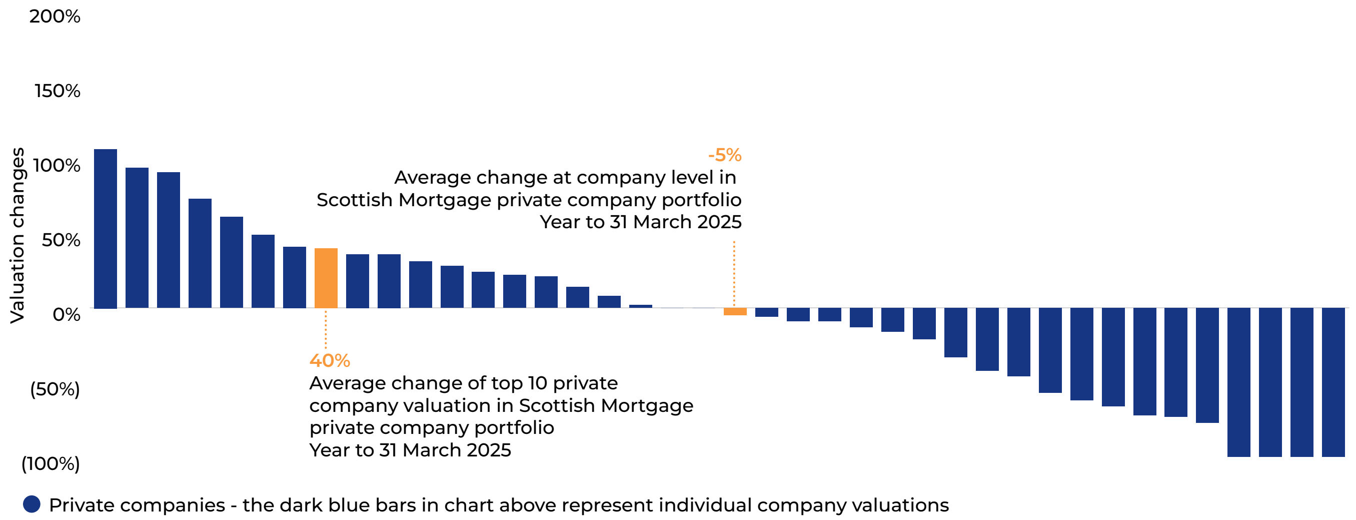
Overview

	2025 £'000	2024 £'000
Opening balance 1 April	3,748,379	3,801,611
Purchases at cost	131,957	109,427
Sales – proceeds received	(12,845)	(5,664)
Realised (losses)/gains*	(5,875)	(56,747)
Change in listing†	(248,332)	(26,689)
Change in fair value	171,503	(73,559)
Closing balance 31 March	**3,784,787**	**3,748,379**

* (Losses)/gains for the year to 31 March 2025 represent the write-off of Blockstream Corporation Inc, Northvolt, Relativity Space Inc, Uptake Technologies Inc and on distributions from limited partnership investment funds.

† 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, book cost - £26,689,000) (see page 92).

Valuation movements – year to 31 March 2025



Source: Baillie Gifford. Scottish Mortgage private company valuation changes, year to 31 March 2025.
Source: Morningstar.
12 months to 31 March 2025 in US dollars.

Instruments valued	78	Valued up to 4 times	46.2%
Revaluations performed	379	Valued 5 times or more	53.9%

Private companies progress – year to 31 March 2025

	Operational Highlights	Financial Highlights
SpaceX	SpaceX made a record-breaking number of launches in 2024, successfully completing 138 trips to orbit (a 40% increase on 2023), which accounted for more than half of all global launches. Starship also made huge progress with four test flights achieved. The most notable development was achieving the first return and catch of the Super Heavy booster in the now famous "chopsticks manoeuvre". In 2025, the company aims to launch 25 Starship test flights. SpaceX's satellite internet service – Starlink – expanded rapidly during the past 12 months, doubling the number of users year on year to 5 million subscribers. There are now over 7,000 satellites providing access across 100 countries. Commercial adoption of Starlink has also been prolific with at least eight airlines (including Air France, United Airlines and Qatar Airway) announcing they had either adopted or planned to adopt Starlink Aviation.	In December 2024, a share tender offer to employees from SpaceX and some of its investors, valued the company at $350bn, making it the most highly valued private company in the world. Regarding the firm's profitability and cash flow, SpaceX President Gwynne Shotwell mentioned that Starlink achieved breakeven cash flow in late 2023 and would make "some money" in 2024, indicating that Starlink transitioned from losses to profitability during this period.
ByteDance	Latest reports suggest that Bytedance has 4bn MAUs (monthly active users) – equivalent to Meta's user base across the `Family of 4' Apps. 2024 was a defining year for TikTok Shop, TikTok's global ecommerce unit. Estimates by competitors suggest TikTok Shop's global sales volume more than doubled in 2024, reaching approximately $33bn (135% increase from 2023). The situation regarding the TikTok ban in the U.S. is complex and evolving. We are expecting to reach a conclusion imminently. We do not have any insight into what might happen but the four most likely outcomes are either 1. a ban enforcement 2. an extension or reprieve if negotiations are ongoing 3. potential sale of TikTok 4. ongoing ownership of Tiktok US by Bytedance.	Our investment case for Bytedance rests on the domestic Chinese opportunity with some optionality around the international monetisation of TikTok. (For reference, public sources claim that revenues from US TikTok is approx. 5% of revenue). In November 2024, it was reported that a buyback programme conducted by the company valued it at $300bn. Bytedance have been conducting buybacks since 2022 and is a way to provide them with liquidity. Scottish Mortgage has not participated in any of them to date. Bytedance continues to trade on a significantly lower multiple vs its main peer Meta implying a material "China discount" embedded within the valuation. Both companies have a similar revenue base, are comfortably profitable but while Meta is currently valued at $1.5tn, Bytedance is valued five times lower at c$300bn. A simple EV/sales calculation would therefore validate the China discount effect.

	Operational Highlights	Financial Highlights
stripe	Stripe continues to be a desired partner of choice for a wide spectrum of corporates. Half of the Fortune 100 Companies use Stripe and newly formed start-ups also favour the Stripe product lineup. In October 2024, Stripe acquired stablecoin platform Bridge, used by the likes of SpaceX and DolarApp, to enhance its global payment infrastructure and cross- border transactions. This strategic move into the stablecoin market leverages blockchain technology, as tangible use cases and transaction volumes for cryptocurrencies continue to grow. During the year, Stripe also expanded its partnership with NVIDIA to enhance Stripe's AI powered capabilities and expand their access to NVIDIA's AI platform.	Stripe processed $1.4tn in payment volume in 2024, a 38% increase vs 2023. This volume represents about 1.3% of global GDP. The company was profitable in 2024 and expects to be so in 2025 and beyond. Stripe continues to reinvest in the business commenting that over the last six years they have redeployed more of their earnings back into research and development versus any of their competition. In February 2025, Stripe announced a tender offer to provide liquidity to current and former employees at a valuation of $91.5bn.
The Brandtech Group	Brandtech Group is now classified as being the world's number 1 generative AI marketing company having creating 1 million ads for over 5,000+ brands and has recently been named as one of Fast Companies most Innovative Companies of 2025. The company boasts an impressive client base working with 8 of the world's top 10 global advertisers and 49 of the world's top 100 brands, including Google, Microsoft, Unilever and LVMH. Brandtech acquired Jellyfish – a leading digital and performance marketing brand – in 2023 and the integration of this company has been a key focus for management.	Despite a tough backdrop, Brandtech has continued to generate positive organic growth. On the profitability profile of the company Founder, David Jones, was quoted as saying: "The EBITDA (Earnings before interest, taxes, depreciation, and amortisation) profile of the generative AI marketing company is better than the EBITDA profile of the digital marketing company. It goes without saying, we will be able to do more for less. And by doing that, we will be more profitable". In March 2024, Brandtech announced Series C funding round, securing $115mn from both new and existing investors.
Zipline	In March 2025, Zipline announced it had safely completed over 100 million autonomous miles via 1.4 million commercial drone deliveries. During 2024, Zipline signed several new strategic partners in the food and healthcare space as it continues to expand its reach and partnerships, especially in the US. Existing disclosed partnerships include Walmart and Sweetgreen. In Africa, Zipline now operates 13 distribution centres across the continent. The company has partnerships with the Rwandan, Nigerian and Ghanian governments to enhance healthcare access and facilities and to date Zipline has delivered 22 million vaccine doses in the region. Zipline's next-gen P2 system achieved its first customer delivery in January 2025 and is now preparing to launch its P2 services in Dallas, Texas.	In June 2024, Zipline raised an estimated $350mn in a Series G round, at a pre-money valuation of $5.2bn. Scottish Mortgage participated in this funding round by investing an additional $15mn of capital into the business.

	Operational Highlights	Financial Highlights
Blockchain.com	According to Blockchain.com, 2024 was a highly transformative year for the entire crypto industry. Key events include the approval of exchange-traded funds (ETFs) for Bitcoin and Ethereum, signalling increased institutional adoption. Bitcoin reached a significant milestone, hitting $100,000. The company commented that their platform saw a shift towards major cryptocurrencies like Bitcoin and Ethereum, reflecting evolving institutional preferences at the expense of altcoins. In January 2025, Peter Smith (co-founder and CEO) announced that blockchain.com would work with the new US Administration to advance a National Crypto Charter and regulatory framework.	A report the company published in December 2024 highlighted the significant trading growth the blockchain.com platform had experienced, driven by an expanding customer base and deeper engagement with cryptocurrencies. Their institutional options desk volume increased 47 times compared to 2023, influenced by election outcomes and ETF approval. Spot trading volume grew 2.8 times, driven by Bitcoin halving (an event which has occurred every 4 years) and ETF developments. Bitcoin and Ethereum dominated trading volumes with these two major cryptocurrencies alone accounting for over half of total volume.
EPIC GAMES	At EPIC Games' annual conference, the company announced they had hit new records in Fortnite, achieving an all-time peak of 110 million active users. Booking and engagement in Fortnite continues to be robust showing the game still remains appealing despite being eight years old. Epic's new partnership with Disney enables game creation with Disney IPs such as Star Wars and Marvel, which could further increase engagement. The Epic Games Store also achieved significant milestones, with 70 million monthly active users in September 2024 and their creator community continues to grow at a great pace, with the number of creators nearly tripling from 24,000 in 2023 to 70,000 creators in 2024. The legal wars with Apple and Google, centred around the closed ecosystems of iOS and Android, continue with mixed results globally.	In February 2024, Epic raised $1.5bn led by Disney as part of a broader partnership, valuing the company at $22.5bn at that point. In October 2024, CEO Tim Sweeney declared the company "financially sound" after a challenging period involving strategic layoffs, rebuilding and strong execution. There were no explicit statements on plans for an IPO (an initial public offering) made by the company during the year.
Ant International	In November 2024, the company disclosed that Alipay+ has 1.6 billion user accounts, collaborates with 35 leading mobile payment partners and connects over 90 million merchants in 66 markets across the globe. The company has ambitious international expansion plans and has stated: "Europe is a high focus right now because we've spent a good portion of the last several years in Asia". This is evident through the Ant International brands being official partners of the Euro 2024 Football Championships in Germany. Total payment volume (TPV) of Antom's direct acquiring services nearly doubled between January and November 2024 compared to the same period in 2023. In 2024, five years after its acquisition, WorldFirst achieved an annual TPV of $100bn, four times that of 2020.	2024 was a "transformative year" for Ant International according to CEO Peng Yang, following a series of organisational and strategic upgrades. The company reported "robust growth during 2024 among all its four pillar businesses" according to several media outlets. In March 2025, President of Ant International, Douglas Feagin was quoted as saying they will IPO "when the time is right" but right now he is focused on having a solid financial picture by increasing the number of customers and partners and by driving transactions.

	Operational Highlights	Financial Highlights
databricks	In February 2025, Databricks and SAP announced a partnership that will redefine how applications and data platforms work together bringing together SAP's applications with Databricks AI capabilities. In October 2024, Databricks announced a strategic collaboration agreement (SCA) with Amazon Web Services (AWS) whereby Databricks will leverage AWS's Trainium chips as the preferred AI chip to power Mosaic AI model training. During the year, Databricks expanded its presence globally, including a $300m investment into Saudi Arabia, a new European regional hub in London as well as plans to open an office in Mexico on the back of its Latin American business growing 80% year on year.	In December 2024, the company announced they had raised $10bn in their Series J fundraising round which valued the company at $62bn. Scottish Mortgage participated in this round, deploying an additional $20mn of capital. In January 2025, Databricks closed an additional $5.2bn of debt financing and also disclosed that Meta had joined as a new strategic investor. The company announced it is growing 60% year on year and expected to cross the $3bn revenue run rate and be free cash positive by the end of January 2025. It now has have over 10,000 customers and > 500+ customers consuming at over $1mn annual revenue run rate.
REDWOOD MATERIALS	During 2024, Redwood extracted enough lithium and nickel out of recycled batteries to supply 20 gigawatt hours (GWh) of lithium-ion batteries, or roughly equivalent to 250,000 electric vehicles. Redwood expanded partnerships during the year with major companies like Panasonic, BMW, General Motors and Toyota, underscoring its strategic role in the industry and consolidating its position as a partner of choice. Redwood Materials broke ground on its second facility or `campus' in South Carolina in January 2024. The facility aims to produce 100-GWh of cathode and anode components annually, which is enough to support the production of over 1 million electric vehicles.	In November 2024, the company announced they were on track to generate $200mn of revenue during the year. To date, Redwood has now raised nearly $2bn of equity capital along with an additional $2bn loan commitment from the US Department of Energy. Since Redwood's Series D raise in 2023, the company have made very good progress in building a robust and diversified recycling and refining business.

Long–term investment
Portfolio holding periods as at 31 March 2025

More than 5 years

Name		% of total assets
Space Exploration Technologies	Ⓤ	7.8
Amazon.com	⑩	5.6
Bytedance Ltd.	Ⓤ	4.2
PDD Holdings		3.9
Spotify	Ⓟ	3.4
Meituan	Ⓟ	2.9
Ferrari		2.9
ASML	⑩	2.8
Wise	Ⓟ	2.4
Shopify		2.3
NVIDIA		2.3
Tempus AI Inc	Ⓟ	2.0
Netflix		1.9
Aurora	Ⓟ	1.9
Zipline	Ⓤ	1.3
Affirm	Ⓟ	1.0
Atlas Copco	⑩	1.0
The Brandtech Group	Ⓤ	0.9
Ant International	Ⓤ	0.9
Tesla Inc	⑩	0.8
Kering	⑩	0.6
Delivery Hero		0.6
Recursion Pharmaceuticals	Ⓟ	0.5
Denali Therapeutics	Ⓟ	0.5
Thumbtack	Ⓤ	0.4
The Production Board	Ⓤ	0.4
Tanium	Ⓤ	0.4
Carbon	Ⓤ	0.3
Lumeris Group Holdings Corporation	⑩ Ⓤ	0.3
Away (JRSK)	Ⓤ	0.3
ZocDoc	Ⓤ	0.2
KSQ Therapeutics	Ⓤ	0.2
Kinnevik	⑩	0.2
HeartFlow	Ⓤ	0.2
Ginkgo Bioworks	Ⓟ	0.1
WI Harper Fund VIII	⑩ Ⓤ	0.1
Sinovation Fund III	Ⓤ	0.1
Sana Biotechnology	Ⓟ	<0.1
Arch Venture Partners Overage	Ⓤ	<0.1
ARCH Ventures Fund X	Ⓤ	<0.1
ARCH Ventures	Ⓤ	<0.1
Global AI Opportunities Fund	⑩	<0.1
Illumina	⑩ Ⓤ	<0.1
WI Harper Fund	⑩ Ⓤ	<0.1
Innovation Works Development Fund	⑩ Ⓤ	<0.1
Bolt Projects Holdings Inc	Ⓟ	<0.1
Indigo Agriculture	Ⓤ	<0.1
Intarcia Therapeutics	Ⓤ	<0.1
Uptake	Ⓤ	–
Total		**57.6**

2–5 years

Name		% of total assets
MercadoLibre		5.9
Stripe	Ⓤ	2.6
Adyen		1.9
DoorDash		1.7
Roblox		1.6
Cloudflare		1.5
Moderna		1.4
Snowflake	Ⓟ	1.0
Epic Games	Ⓤ	1.0
Blockchain.com	Ⓤ	0.9
Databricks	Ⓤ	0.8
Redwood Materials	Ⓤ	0.8
Horizon Robotics	Ⓟ	0.6
Nuro	Ⓤ	0.5
Rappi	Ⓤ	0.4
Honor	Ⓤ	0.4
Solugen	Ⓤ	0.4
Bottle Planet Holdings	Ⓤ	0.3
Ocado		0.3
Joby Aviation	Ⓟ	0.3
PsiQuantum	Ⓤ	0.3
Wayfair		0.3
Climeworks	Ⓤ	0.3
Workrise	Ⓤ	0.2
Upside Foods	Ⓤ	0.1
Teya Services	Ⓤ	0.1
ARCH Ventures Fund XI	Ⓤ	<0.1
GoPuff	Ⓤ	<0.1
ARCH Venture Fund XII	Ⓤ	<0.1
Capsule	Ⓤ	<0.1
Antler East Africa Fund	Ⓤ	<0.1
Relativity Space	Ⓤ	–
Northvolt	Ⓤ	–
Blockstream	Ⓤ	–
Total		**25.6**

Less than 2 years

Name		% of total assets
Meta Platforms		4.7
TSMC		3.5
Sea Limited		2.0
BYD Company		1.6
Insulet Corporation		1.2
Coupang		1.0
Oddity	Ⓟ	0.6
Nu Holdings		0.6
Hermès International		0.6
Revolut	Ⓤ	0.6
Enveda	Ⓤ	0.1
ARCH Ventures Fund XIII	Ⓤ	<0.1
Total		**16.5**

Ⓤ Denotes unlisted (private company) security.
Ⓟ Denotes listed security previously held in the portfolio as an unlisted (private company) security.
⑩ Denotes security held for more than 10 years.
Net liquid assets represent 0.3% of total assets. See Glossary of terms and Alternative Performance Measures on pages 119 to 121.

List of investments as at 31 March 2025

Name	Business	Fair value 31 March 2025 £'000	% of total assets	Notes *	Fair value 31 March 2024 £'000
Space Exploration Technologies Corp Series J Pref. ⓤ	Designs, manufactures and launches rockets and spacecraft	462,346	3.4		247,696
Space Exploration Technologies Corp Series N Pref. ⓤ	Designs, manufactures and launches rockets and spacecraft	371,591	2.7		199,076
Space Exploration Technologies Corp Class A Common ⓤ	Designs, manufactures and launches rockets and spacecraft	181,268	1.3		97,112
Space Exploration Technologies Corp Class C Common ⓤ	Designs, manufactures and launches rockets and spacecraft	55,911	0.4		29,953
		1,071,116	7.8		573,837
MercadoLibre	Latin American ecommerce platform	807,112	5.9		674,162
Amazon.com	Online retailer and cloud computing	773,328	5.6		765,083
Meta Platforms	Social media	643,236	4.7	Significant purchase	188,507
ByteDance Ltd Series E Pref. ⓤ	Social media	297,943	2.2		172,349
ByteDance Ltd Series E-1 Pref. ⓤ	Social media	268,039	2.0		155,050
		565,982	4.2		327,399
Pinduoduo Inc	Chinese ecommerce	529,284	3.9		468,613
TSMC	Semiconductor manufacturing and design	475,447	3.5	New purchase	–
Spotify Technology SA ⓟ	Online music streaming service	472,502	3.4	Significant reduction	345,918
Meituan Dianping ⓟ	Local services aggregator	399,277	2.9	Significant reduction	293,303
Ferrari	Luxury automobiles	391,400	2.9		468,557
ASML	Lithography	383,473	2.8	Significant reduction	1,139,040
Stripe Inc Series G Pref. ⓤ	Platform that provides payment processing solutions globally	142,284	1.0		104,402
Stripe Inc Series I Pref. ⓤ	Platform that provides payment processing solutions globally	139,447	1.0		102,321
Stripe Inc Class B Common ⓤ	Platform that provides payment processing solutions globally	50,094	0.4		36,757
Stripe Inc Series H Pref. ⓤ	Platform that provides payment processing solutions globally	22,113	0.2		19,666
		353,938	2.6		263,146

* Significant additions and reductions to investments have been noted where the transaction value is at least a 20% movement from the value of the holding at 31 March 2024. The change in value over the year also reflects the share price performance and the movement in exchange rates.
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† The significant reduction was outweighed by an increase in the share price of the holding.
# The significant addition was outweighed by a decrease in the share price of the holding.

Name	Business	Fair value 31 March 2025 £'000	% of total assets	Notes *	Fair value 31 March 2024 £'000
Wise Plc Ⓟ	Online platform to send and receive money	332,162	2.4		344,379
Shopify	Cloud-based commerce platform provider	319,098	2.3	Significant purchase	194,841
NVIDIA	Semiconductor company that designs and sells advanced chips	312,137	2.3	Significant reduction	1,142,723
Tempus AI Inc Ⓟ	Offers molecular diagnostics tests for cancer and aggregates clinical oncology records	276,090	2.0		210,815
Sea	Consumer internet company	273,440	2.0	Significant purchase	50,956
Adyen	Platform that provides payment processing solutions globally	264,794	1.9		280,698
Netflix	Subscription service for TV shows and movies	257,198	1.9		185,051
Aurora Innovation Inc Class A Common Ⓟ	Developer of driverless vehicle technology	213,740	1.6	Significant purchase	73,932
Aurora Innovation Inc Class B Common Ⓟ	Developer of driverless vehicle technology	30,578	0.3		13,111
		244,318	1.9		87,043
DoorDash	Operates an online food ordering and food delivery platform	226,576	1.7	Significant purchase	100,425
Roblox	Online game platform and game creation system	217,157	1.6		126,771
BYD	Electric vehicle manufacturer	215,597	1.6	New purchase	–
Cloudflare	Application software developer	202,662	1.5		169,462
Moderna	Clinical stage biotechnology company	189,433	1.4		776,316
Zipline International Inc Series D Pref. Ⓤ	Logistics company that designs, manufactures and operates drones to deliver medical supplies	67,575	0.4		77,553
Zipline International Inc Series C Pref. Ⓤ	Logistics company that designs, manufactures and operates drones to deliver medical supplies	57,706	0.4		66,227
Zipline International Inc Series E Pref. Ⓤ	Logistics company that designs, manufactures and operates drones to deliver medical supplies	50,987	0.4		58,517
Zipline International Inc Series G Pref. Ⓤ	Logistics company that designs, manufactures and operates drones to deliver medical supplies	10,827	0.1	Follow-on purchase	–
		187,095	1.4		202,297

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Name	Business	Fair value 31 March 2025 £'000	% of total assets	Notes *	Fair value 31 March 2024 £'000
Insulet	Medical device company	160,835	1.2	Significant purchase	26,151
Affirm Holdings Inc Class A ⓟ	Online platform which provides lending and consumer credit services	78,692	0.6		66,307
Affirm Holdings Inc Class B – converted at IPO ⓟ	Online platform which provides lending and consumer credit services	64,880	0.4		54,669
		143,572	1.1		120,976
Coupang	Ecommerce company	143,473	1.0	Significant purchase	71,288
Snowflake Inc ⓟ	Developer of a SaaS-based cloud data warehousing platform	142,988	1.0		161,590
Epic Games Inc ⓤ	Gaming platform	141,897	1.0		114,820
Atlas Copco	Engineering	134,934	1.0	Significant purchase	115,462
Blockchain.com Series C-1 Pref. ⓤ	Software platform for digital assets	45,948	0.3		29,219
Blockchain.com Series D Pref. ⓤ	Software platform for digital assets	61,111	0.4		23,720
Blockchain.com Series E Pref. ⓤ	Software platform for digital assets	22,980	0.2		9,972
		130,039	0.9		62,911
The Brandtech Group LLC ⓤ	Digital advertising	127,078	0.9		293,544
Ant International Ltd Class C Ord. ⓤ	Online financial services platform	125,012	0.9		93,983
Databricks Inc Series H Pref. ⓤ	Data software solutions	87,478	0.6		88,667
Databricks Inc Series J Pref. ⓤ	Data software solutions	16,068	0.1	Follow-on purchase	–
Databricks Inc Series I Pref. ⓤ	Data software solutions	8,629	0.1		8,746
		112,175	0.8		97,413
Tesla Inc	Electric cars, autonomous driving and solar energy	110,958	0.8	Significant reduction	429,998
Redwood Materials Inc. Series C Pref. ⓤ	Environmental battery recycling	82,944	0.6		79,723
Redwood Materials Inc. Series D Pref. ⓤ	Environmental battery recycling	20,592	0.2		19,790
		103,536	0.8		99,513

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Name	Business	Fair value 31 March 2025 £'000	% of total assets	Notes *	Fair value 31 March 2024 £'000
Oddity	Cosmetic and skincare platform	101,802	0.6		104,356
Kering	Luxury goods producer and retailer	99,230	0.6		218,406
Delivery Hero	Operates an online food ordering and food delivery platform	88,614	0.6	Significant reduction	156,709
Horizon Robotics Ⓟ	Designer and developer of AI chips and algorithms principally for advanced driving assistance systems and autonomous vehicles	87,364	0.6		62,752
Nu Holdings	Latin American digital bank	85,720	0.6	New purchase	–
Hermes International	Luxury goods	77,700	0.6	New purchase	–
Revolut Ⓤ	Neobank	77,474	0.6	New purchase	–
Recursion Pharmaceuticals Inc Ⓟ	Uses image recognition/machine learning and automation to improve drug discovery	74,345	0.5		126,254
Denali Therapeutics Ⓟ	Biotechnology	68,780	0.5		106,010
Nuro Inc Series C Pref. Ⓤ	Delivery business, using self-driving purpose-built electric vehicles	38,367	0.3		26,347
Nuro Inc Series D Pref. Ⓤ	Delivery business, using self-driving purpose-built electric vehicles	24,496	0.2		15,758
		62,863	0.5		42,105
Thumbtack Inc Series G Pref. Ⓤ	Online directory service for local businesses	35,778	0.3		33,720
Thumbtack Inc Series I Pref. Ⓤ	Online directory service for local businesses	12,417	0.1		11,925
Thumbtack Inc Series H Pref. Ⓤ	Online directory service for local businesses	7,156	<0.1		6,744
Thumbtack Inc Class A Common Ⓤ	Online directory service for local businesses	3,496	<0.1		2,864
Thumbtack Inc Series A Pref. Ⓤ	Online directory service for local businesses	2,061	<0.1		1,689
Thumbtack Inc Series C Pref. Ⓤ	Online directory service for local businesses	603	<0.1		494
Thumbtack Inc Series B Pref. Ⓤ	Online directory service for local businesses	140	<0.1		114
		61,651	0.4		57,550

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# The significant addition was outweighed by a decrease in the share price of the holding.

Name	Business	Fair value 31 March 2025 £'000	% of total assets	Notes *	Fair value 31 March 2024 £'000
Rappi Inc. Series F Pref. ⓤ	Provider of an on-demand delivery platform designed to connect consumers with local stores	59,889	0.4		57,592
The Production Board Series A-2 Pref. ⓤ	Holding company for food technology companies	44,935	0.3		45,913
The Production Board Series A-3 Pref. ⓤ	Holding company for food technology companies	13,106	0.1		27,245
		58,041	0.4		73,158
Tanium Inc Class B Common ⓤ	Provides security and systems management solutions	52,130	0.4		58,501
Honor Technology Inc Series D Pref. ⓤ	Provider of home-care services	26,542	0.2		17,916
Honor Technology Inc Series E Pref. ⓤ	Provider of home-care services	18,649	0.2		12,578
Honor Technology, Inc Promissory note	Provider of home-care services	3,130	<0.1		3,010
		48,321	0.3		33,504
Solugen Inc. Series C-1 Pref. ⓤ	Sustainable chemical manufacturer	46,336	0.4		59,708
Bottle Planet Holdings ⓤ	Producer of alcoholic beverages	42,737	0.3		39,956
Ocado	Online grocery retailer and technology provider	39,487	0.3		63,862
Carbon Inc Series D Pref. ⓤ	Manufactures and develops 3D printers	21,924	0.2		22,673
Carbon Inc Series E Pref. ⓤ	Manufactures and develops 3D printers	15,492	0.1		15,999
		37,416	0.3		38,672
Lumeris Group Holdings Series 3 Pref	Healthcare business services	36,133	0.3		28,910
Joby Aviation Inc ⓟ	Electric aircraft	35,340	0.3		32,150
PsiQuantum Series D Pref. ⓤ	Developer of commercial quantum computing	30,375	0.3		19,650
PsiQuantum Series E Pref. ⓤ	Developer of commercial quantum computing	3,099	<0.1	Follow-on purchase	–
		33,474	0.3		19,650
Wayfair	Online household goods retailer	32,959	0.3		71,285
Climeworks AG Series F Preferred ⓤ	Direct air carbon capture	31,704	0.3		39,447
Climeworks AG Non Voting Shares ⓤ	Direct air carbon capture	243	<0.1		227
		31,947	0.3		39,674

* Significant additions and reductions to investments have been noted where the transaction value is at least a 20% movement from the value of the holding at 31 March 2024. The change in value over the year also reflects the share price performance and the movement in exchange rates.
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ⓟ Denotes listed security previously held in the portfolio as an unlisted (private company) security.
† The significant reduction was outweighed by an increase in the share price of the holding.
# The significant addition was outweighed by a decrease in the share price of the holding.

Name	Business	Fair value 31 March 2025 £'000	% of total assets	Notes *	Fair value 31 March 2024 £'000
JRSK Inc (Away) Series D Pref. ⓤ	Manufactures luggage	12,682	0.1		16,504
JRSK Inc (Away) Convertible Promissory Note ⓤ	Manufactures luggage	7,871	0.1		7,812
JRSK Inc (Away) Convertible Promissory Note 2021 ⓤ	Manufactures luggage	7,871	0.1		7,812
JRSK Inc (Away) Series Seed Pref. ⓤ	Manufactures luggage	2,010	<0.1		7,656
		30,434	0.3		39,784
Workrise Technologies Inc Series E Pref. ⓤ	Online platform connecting contractors with work	25,167	0.2		29,756
Zocdoc Inc Series D-2 Pref. ⓤ	Online platform for searching for doctors and booking appointments	25,181	0.2		22,681
KSQ Therapeutics Inc Series C Pref. ⓤ	Biotechnology company	17,355	0.2		19,965
KSQ Therapeutics Inc Series D Pref. ⓤ	Biotechnology company	6,541	<0.1		7,459
		23,896	0.2		27,424
Kinnevik	Investment company	23,171	0.2		37,694
Heartflow Inc Series E Pref. ⓤ	Develops software for cardiovascular disease diagnosis and treatment	19,445	0.2		26,349
Enveda	Biotechnology company	11,621	0.1	New purchase	–
Ginkgo BioWorks Inc ⓟ	Bio-engineering company	10,543	0.1		87,847
WI Harper Fund VIII ⓤ	Venture capital fund	9,577	0.1		10,149
Upside Foods Inc Series C-1 preferred ⓤ	Cultivated meat producer	8,845	0.1		15,481
Teya Services Ltd Non-Voting Ordinary Shares ⓤ	Payment and management solutions	8,685	0.1		31,990
Teya Services Ltd Voting Ordinary Shares ⓤ	Payment and management solutions	–	–		1
		8,685	0.1		31,991
Sinovation Fund III ⓤ	Venture capital fund	8,280	0.1		11,030
Sana Biotechnology Inc ⓟ	Biotechnology company creating and delivering engineered cells as medicine	7,585	<0.1		46,318
ARCH Ventures Fund XI ⓤ	Venture capital fund to invest in biotech start-ups	7,405	<0.1		7,217
GoPuff Inc (GoBrands) Series G Pref. ⓤ	On demand retail delivery service	5,289	<0.1		24,419

* Significant additions and reductions to investments have been noted where the transaction value is at least a 20% movement from the value of the holding at 31 March 2024. The change in value over the year also reflects the share price performance and the movement in exchange rates.
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ⓟ Denotes listed security previously held in the portfolio as an unlisted (private company) security.
† The significant reduction was outweighed by an increase in the share price of the holding.
# The significant addition was outweighed by a decrease in the share price of the holding.

Name	Business	Fair value 31 March 2025 £'000	% of total assets	Notes *	Fair value 31 March 2024 £'000
ARCH Ventures Fund X Overage ⓤ	Venture capital fund to invest in biotech start-ups	6,368	<0.1		7,458
ARCH Ventures Fund X ⓤ	Venture capital fund to invest in biotech start-ups	6,220	<0.1		7,051
ARCH Ventures Fund IX ⓤ	Venture capital fund to invest in biotech start-ups	5,516	<0.1		7,472
Global AI Opportunities Fund	Artificial intelligence based algorithmic trading	5,237	<0.1		4,580
ARCH Ventures Fund XII ⓤ	Venture capital fund to invest in biotech start-ups	5,104	<0.1		4,205
Capsule Corp Series E Pref ⓤ	Digital platform providing home delivery of prescription medication	2,228	<0.1		13,083
Capsule Corp Series 1-D Preferred ⓤ	Digital platform providing home delivery of prescription medication	1,779	<0.1		10,447
		4,007	<0.1		23,530
Illumina CVR	Biotechnology equipment	555	<0.1		3,079
WI Harper Fund VII ⓤ	Venture capital fund	2,781	<0.1		5,317
ARCH Ventures Fund XIII ⓤ	Venture capital fund to invest in biotech start-ups	1,829	<0.1	New purchase	–
Innovation Works Development Fund ⓤ	Venture capital fund	984	<0.1		5,717
Antler East Africa Fund I LP ⓤ	Venture capital fund helping entrepreneurs establish their businesses in East Africa	863	<0.1	Significant purchase	673
Bolt Projects Holdings Inc ⓟ	Natural fibres and fabrics manufacturer	586	<0.1	Significant purchase	11,716
Indigo Agriculture Inc Class A Common. ⓤ	Analyses plant microbiomes to increase crop yields	455	<0.1		3,719
Uptake Technologies Inc Class C Common. ⓤ	Designs and develops enterprise software	–	–		2,245
Relativity Space Inc Series D Pref. ⓤ	Aerospace company, designs and builds rockets using 3D printers	–	–		51,650
Relativity Space Inc Series E Pref. ⓤ	Aerospace company, designs and builds rockets using 3D printers	–	–		23,660
Relativity Space Inc Series F Pref. ⓤ	Aerospace company, designs and builds rockets using 3D printers	–	–		11,874
Relativity Space Inc ⓤ	Aerospace company, designs and builds rockets using 3D printers	–	–	Follow-on purchase	–
		–	–		87,184
Northvolt AB Promissory Note*	Battery developer and manufacturer, specialised in lithium-ion technology for electric vehicles	–	–		69,662
Northvolt AB Series E1 Pref. ⓤ	Battery developer and manufacturer, specialised in lithium-ion technology for electric vehicles	–	–		168,648
Northvolt AB Series E2 Pref. ⓤ	Battery developer and manufacturer, specialised in lithium-ion technology for electric vehicles	–	–		117,583

* Significant additions and reductions to investments have been noted where the transaction value is at least a 20% movement from the value of the holding at 31 March 2024. The change in value over the year also reflects the share price performance and the movement in exchange rates.
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† The significant reduction was outweighed by an increase in the share price of the holding.
# The significant addition was outweighed by a decrease in the share price of the holding.

Name	Business	Fair value 31 March 2025 £'000	% of total assets	Notes *	Fair value 31 March 2024 £'000
Northvolt AB Series A Ord. ⓤ	Battery developer and manufacturer, specialised in lithium-ion technology for electric vehicles	–	–		18,909
Northvolt AB Series D1 Pref. ⓤ	Battery developer and manufacturer, specialised in lithium-ion technology for electric vehicles	–	–		614
		–	–		375,416
Blockstream Corporation Inc Series B-1 Pref. ⓤ	Financial software developer	–	–		4,569
Intarcia Therapeutics Inc Convertible Bond ⓤ	Implantable drug delivery system	–	–		–
Total Investments		**13,665,731**	**99.7**		
Net Liquid Assets¶		40,601	0.3		
Total Assets¶		**13,706,332**	**100.0**		

	Listed equities %	Unlisted (private company) securities ‡ %	Unlisted (private company) bonds %	Net liquid assets ¶ %	Total %
31 March 2025	**72.0**	**27.5**	**0.2**	**0.3**	**100.0**
31 March 2024	72.7	25.6	0.6	1.1	100.0

Figures represent percentage of total assets.

* Significant additions and reductions to investments have been noted where the transaction value is at least a 20% movement from the value of the holding at 31 March 2024. The change in value over the year also reflects the share price performance and the movement in exchange rates.

ⓤ Denotes unlisted (private company) security.

ⓟ Denotes listed security previously held in the portfolio as an unlisted (private company) security.

\# The significant addition was outweighed by a decrease in the share price of the holding.

† The significant reduction was outweighed by an increase in the share price of the holding.

‡ Includes holdings in preference shares, ordinary shares and contingent value rights.

¶ See Glossary of terms and Alternative Performance Measures on pages 119 to 121.

§ The publicly listed holding in Illumina was sold during the year to 31 March 2024. The company retains an unlisted CVR instrument.

The following investments were completely sold during the year: 10x Genomics, Clear Secure Inc, Housing Development Finance Corporation, HelloFresh, NIO Inc, Tencent Holdings, Udacity Inc Series D Pref., Vir Biotechnology Inc, Warby Parker Inc, Zalando and Zoom.

Source: Baillie Gifford/StatPro.

Business review

Business model

Business and status

Scottish Mortgage Investment Trust PLC ('the Company') is a public company limited by shares and is incorporated in Scotland. The Company is an investment company within the meaning of section 833 of the Companies Act 2006 and carries on business as an investment trust. Investment trusts are UK public listed companies and their shares are traded on the London Stock Exchange. They invest in a portfolio of assets in order to spread risk. The Company has a fixed amount of share capital although, subject to shareholder approval sought annually, it may purchase its own shares or issue shares. The price of the Company's shares is determined, like other listed shares, by supply and demand.

The Company has been approved as an investment trust by HM Revenue & Customs subject to the Company continuing to meet the eligibility conditions. The Directors are of the opinion that the Company has continued to conduct its affairs during the year so as to enable it to comply with the ongoing requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011.

The Company is an Alternative Investment Fund ('AIF') for the purposes of the UK Alternative Investment Fund Managers Regulations.

Investment objective

Scottish Mortgage carries on business as an investment trust. The objective is to maximise total return from a portfolio of long term investments chosen on a global basis enabling the Company to provide capital and dividend growth.

Investment policy

Investment is predominantly in equities. The number of equity holdings will typically range between 50 and 100 and the portfolio can be relatively concentrated. Achieving diversification is a requirement when selecting investments but an unconstrained approach is adopted and there are no fixed limits set as to geographical, industry and sector exposure. Portfolio concentration and levels of diversity are monitored by the Board on a regular basis. The maximum investment in any one holding is limited to 8% of total assets at the time of purchase.

A long term investment horizon is observed and little attention is paid to short term market trends when deciding strategy. This patient approach allows market volatility to be exploited to shareholders' long term advantage. An average holding period for investments of five years or more is targeted.

The major part of the portfolio will be held in quoted equities with good liquidity. Investment may also be made in fixed interest securities, convertible securities, funds, unquoted entities and other assets based on the individual investment case. The maximum amount which may be invested in companies not listed on a public market shall not exceed 30 per cent of the total assets of the Company, measured at the time of purchase.

With prior approval of the Board, the Company may use derivatives for the purpose of efficient portfolio management (for the purpose of reducing, transferring or eliminating investment risk in its investment portfolio, including protection against currency risk) and for investment purposes. The maximum permitted investment in other UK listed investment companies in aggregate is 15% of gross assets.

The Company aims to achieve a greater return than the FTSE All-World Index (in sterling terms) over a five year rolling period or longer. This benchmark is a reference point for considering performance and emphatically is not a portfolio construction tool. The portfolio does not set out to reproduce the index and there will be periods when performance diverges significantly from the benchmark.

Borrowings are invested in equity markets when it is believed that long term investment considerations merit the Company taking a geared position. Apart from in exceptional market conditions the Company will not take out additional borrowings if, at the time of borrowing, this takes the level of gearing beyond 30% calculated in accordance with the Association of Investment Companies ('AIC') guidelines. In any event, the Company will not exceed the limit on borrowings set out in its Articles of Association, which provide that the amount of all the Company's borrowings shall not, without the previous sanction of an ordinary resolution of shareholders, exceed one half of the aggregate issued and fully paid share capital and capital reserves of the Company and, in addition, that the Company may from time to time borrow for temporary purposes sums not exceeding 20% of the Company's issued and fully paid share capital.

The Managers' Core Investment Beliefs with respect to the Company are set out on pages 16 to 18.

Details of investment strategy and activity this year can be found in the Statement from the Chair on pages 4 and 5 and in the Managers' Review on pages 6 to 15. A detailed analysis of the Company's investment portfolio is set out on pages 26 to 45.

Liquidity policy

The Board recognises that it is in the long term interests of shareholders to manage discount/premium volatility. Whilst the Board believes that the primary driver of discounts over the longer term is performance, the relationship between the Company's NAV and share price can be impacted in the shorter term by an imbalance of buyers and sellers in the market.

The Board does not have formal discount or premium targets at which shares will be bought back or sold respectively, as it believes that the announcement of specific targets is likely to hinder rather than help the successful execution of a buyback/issuance policy. However, it will undertake to aid the efficient functioning of the market in its shares in normal market conditions, by acting when such a significant imbalance in supply and demand for the Company's shares exists.

The Board announced on 15 March 2024 that the Company will allocate at least £1 billion for share buybacks over a two year period.

In furtherance of the liquidity policy, during the year the Company bought back a total of 184,816,766 shares into treasury. Between 1 April 2025 and 19 May 2025, 25,865,383 shares were bought back. During the year the Company issued no ordinary shares from treasury and no ordinary shares were issued between 1 April 2025 and 19 May 2025.

In order to be able to implement this strategy over the coming year, the Directors will seek the relevant authorities from shareholders at the forthcoming Annual General Meeting.

To prevent substantial demand for the Company's shares pushing them to trade at a significant premium to the underlying NAV, the Board will again seek shareholder authority to allot equity securities, or sell treasury shares, for cash without having to offer such shares to existing shareholders pro-rata to their existing holdings, up to a total amount representing approximately 10 per cent of the Company's total issued Ordinary Share capital.

Having regard to guidance previously received from the Financial Conduct Authority 'FCA' and consistent with the approach adopted in previous years, the Directors wish to ensure that any such sale of Ordinary Shares held in treasury or issue of new Ordinary Shares will not result in an inadvertent breach of the Listing Rules by virtue of the FCA determining that 'net asset value' should be calculated on the basis of debt valued at par value, instead of the general market understanding that net asset value is determined on the basis of debt valued at fair value. The Directors will therefore also seek to renew the authority previously granted to issue shares at a discount to net asset value with debt at par value, in order to continue to protect against any such inadvertent breach. The Directors wish to stress that they will in no circumstances seek to issue Ordinary Shares (including any Ordinary Shares held in treasury) for cash at a price below the net asset value per share on the basis of debt valued at fair value.

The Directors are further seeking shareholders' approval at the Annual General Meeting to renew the authority to purchase up to 14.99 per cent. of the Ordinary Shares in issue from the date of grant of the authority to the date of the Annual General Meeting in 2026. Such purchases will only be made at a discount to the prevailing net asset value. Any such shares which are bought back may be held in treasury and may subsequently then either be sold for cash or cancelled.

Dividend policy

The Board intends to pay a modest but growing dividend in accordance with the stated Investment Objective of the Company to maximise total return from a portfolio of long term investments chosen on a global basis enabling the Company to provide capital and dividend growth. The Board anticipates that returns will primarily be driven by long term capital appreciation and that income will remain a small component of the total return, consistent with the Company's growth focused investment strategy.

The dividend will be paid from a combination of revenue earnings, revenue reserves (if any) and distributable capital reserves (comprising mainly realised investment gains), provided that the Board remains of the view that the total returns being earned by the Company over the long run justify this use of capital reserves.

The Board will continue to keep the dividend policy and the use of realised capital reserves under review.

Gearing policy

The Board is committed to the strategic use of borrowings in the belief that gearing the portfolio into long run equity market returns will enhance returns to shareholders over the long term. The Board views this capacity to use debt as one of the principal advantages of the investment trust structure. In line with the long term approach taken, no attempt is made to time short term market movements through tactical shifts in the level of gearing. The gearing instruments will include debt instruments with different durations. Where the Board deems it appropriate, borrowings may be denominated in foreign currencies as well as sterling.

Although the borrowings limit set out in the Articles of Association is 50% of issued and fully paid share capital and reserves, borrowing covenants are in place restricting gearing to 35% of adjusted net asset value or total assets (dependent on the lender). The Company will not take out additional borrowings if, at the time of borrowing, this takes gearing beyond 30% (calculated in accordance with the AIC guidelines).

Performance

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives.

Key Performance Indicators

The key performance indicators ('KPIs') used to measure the progress and performance of the Company over time are established industry measures and are as follows:

- the movement in net asset value per ordinary share (after deducting borrowings at fair value);
- the movement in the share price;
- the movement of net asset value and share price performance compared to the FTSE All-World Index;
- the premium/discount (after deducting borrowings at fair value);
- the ongoing charges ratio and;
- dividend per share.

An explanation of these measures can be found in the Glossary of terms and Alternative Performance Measures on pages 119 to 121.

The one, five and ten year records of the KPIs are shown on pages 22 to 25. The primary KPIs are also presented on page 1.

In addition to the above, the Board considers performance against other companies within the AIC Global Sector.

Borrowings

There are two debentures in issue, both of which are listed and quoted on the London Stock Exchange and details of which are given on pages 97, 101 and 109. The Company has also issued private placement loan notes as detailed on page 97. In addition, loan facilities are in place which are shown on pages 96 and 97.

During the year the level of borrowings was unchanged. 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 on its expiry with a one year US$75 million revolving credit facility with ICBC.

Principal and emerging risks

As explained on page 66 there is a process for identifying, evaluating and managing the risks faced by the Company on a regular basis. The Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. A description of these risks and how they are being managed or mitigated is set out below.

The Board considers heightened macroeconomic and geopolitical concerns to be factors which exacerbate existing risks, rather than being new emerging risks. Their impact is considered within the relevant risks. There have been no significant changes to the principal risks during the year other than cyber security risk having moved from emerging to principal risks.

	What is the risk?	How is it managed?	Current assessment of risk
Financial Risk	The Company's assets consist mainly of listed securities and its principal risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed is contained in note 19 to the Financial Statements on pages 100 to 109.	The Board has, in particular, considered the impact of heightened macroeconomic and geopolitical concerns, including trade wars, the ongoing Russia-Ukraine war, and the conflict in the Middle East. The Board also considers the commercial impact of changes in regulatory posture in local market jurisdictions. The Board considers at each meeting various metrics including portfolio concentration, regional and industrial sector weightings, top and bottom stock contributors to performance and contribution to performance by industrial sector. The Managers provide the rationale for stock selection decisions and both the investment strategy and portfolio risks are formally considered in detail at least annually.	This risk is considered to have increased. The prospect of heightened market volatility remains from deteriorating geopolitical stability such as trade wars, the ongoing Russia-Ukraine war, and continuing hostilities in the Middle East.
Private company investments	The Company's risk could be increased by its investment in private company securities. These investments may be more difficult to buy or sell, assessment of their value is more subjective than for investments listed on a recognised stock exchange and their valuations may be perceived to be more volatile or out of date.	The Board considers the private company investments in the context of the overall investment strategy and provides guidance to the Managers on the maximum exposure to private company investments. The investment policy limits the amount which may be invested in private companies to 30 per cent. of the total assets of the Company, measured at time of purchase (see page 45). The Managers have a robust valuation methodology, which is applied consistently. The Managers' valuation process involves a revaluation of each of the private company investments every 3 months and additional valuations are carried out in response to trigger events to ensure the investments are carried at fair value. 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 valuations are subject to review and challenge by the Board every 6 months and are subject to scrutiny annually by the external Auditor. The Managers have endeavoured to improve market understanding of the valuation process.	This risk is seen as stable. In periods of market volatility the Private Company Valuations Group will perform trigger analyses and, if appropriate, revalue the relevant investments, as described in the report on page 86. The Managers consider market understanding of the valuations process to have improved.

High Risk | Moderate Risk | Low Risk

Increasing Risk | Decreasing Risk | Stable Risk

	What is the risk?	How is it managed?	Current assessment of risk
Investment strategy risk	Pursuing an investment strategy to fulfil the Company's objective which the market perceives to be unattractive or inappropriate, or the ineffective implementation of an attractive or appropriate strategy, may lead to reduced returns for shareholders and, as a result, a decreased demand for the Company's shares. This may lead to the Company's shares trading at a widening discount to their net asset value.	The Board regularly reviews and monitors the Company's objective and investment policy and strategy, the investment portfolio and its performance, the level of discount/premium to net asset value at which the shares trade and movements in the share register.	This risk is considered to have increased. The market appetite for growth investing is considered to have deteriorated over recent months as investors shift to assets perceived to be safe or offering insulation from market volatility. Despite a significant increase in buybacks the discount of the share price to net asset value has widened over the year.
Climate and governance risk	As investors place increased emphasis on Environmental, Social and Governance ('ESG') issues, perceived problems on ESG matters in an investee company could lead to that company's shares being less attractive to investors, adversely affecting its share price, in addition to potential valuation issues arising from any direct impact of the failure to address the ESG weakness on the operations or management of the investee company (for example in the event of an industrial accident or spillage). Repeated failure by the Managers to identify ESG weaknesses in investee companies could lead to the Company's own shares being less attractive to investors, adversely affecting its own share price. In addition, the valuation of investments could be impacted by climate change due to climate-related operational challenges or changes in end demand.	This is mitigated by the Managers' strong ESG stewardship and engagement policies which are available to view on the Managers' website **bailliegifford.com** and have been reviewed and endorsed by the Company and fully integrated into the investment process, as well as the extensive up-front and ongoing due diligence which the Managers' undertake on each investee company. This due diligence includes assessment of the risks inherent in climate change (see page 56). An explanation of how these policies are applied in the context of Scottish Mortgage's long term investment approach is available at **scottishmortgage.com**. The Managers utilise data sourced from a third-party provider to map the carbon footprint of the portfolio. This analysis estimates that the carbon intensity of Scottish Mortgage is 82.6% less than the index albeit that is based on only 68.6% of the value of the Company's equity portfolio which reports on carbon emissions and other carbon related characteristics (see page 56).	This risk in considered to be stable. The Managers continue to employ strong ESG stewardship and engagement policies.
Discount risk	The discount/premium at which the Company's shares trade relative to its net asset value can change. The risk of a widening discount is that it may undermine investor confidence in the Company.	The Board monitors the level of discount/premium at which the shares trade and the Company has authority to buyback its existing shares when deemed by the Board to be in the best interests of the Company and its shareholders. The Company announced on 15 March 2024 that it would allocate at least £1 billion for share buybacks over a two year period. Over the year to 31 March 2025 the Company bought back £1.71 billion shares representing 13.3% of the shares in issue at the start of the period.	This risk is seen as increased. £1.71 billion of shares were bought back in the year (representing 13.3% of the issued share capital at the start of the period). Although the average discount was lower than the previous year at 9.7% (2024 – 16.2%), the discount has widened over the year.

High Risk
Moderate Risk
Low Risk
Increasing Risk
Decreasing Risk
Stable Risk

	What is the risk?	How is it managed?	Current assessment of risk
Regulatory risk	Changes to the regulatory environment could negatively impact the Company. Failure to comply with applicable legal and regulatory requirements such as the tax rules for investment trust companies, the FCA Listing Rules and the Companies Act could lead to suspension of the Company's Stock Exchange listing, financial penalties, a qualified audit report or the Company being subject to tax on capital gains.	Baillie Gifford's Business Risk, Internal Audit and Compliance Departments provide regular reports to the Audit Committee on Baillie Gifford's monitoring programmes. Major regulatory change could impose disproportionate compliance burdens on the Company. In such circumstances representation is made to ensure that the special circumstances of investment trusts are recognised. Shareholder documents and announcements, including the Company's published Interim and Annual Report and Financial Statements, are subject to stringent review processes and procedures are in place to ensure adherence to the Transparency Directive and the Market Abuse Directive with reference to inside information.	This risk is considered to be stable. All control procedures are working effectively. There have been no material regulatory changes in the year.
Custody and depositary risk	Safe custody of the Company's assets may be compromised through control failures by the Depositary, including cyber security incidents.	The Board receives six monthly reports from the Depositary confirming safe custody of the Company's assets held by the Custodian. Cash and portfolio holdings are independently reconciled to the Custodian's records by the Managers who also agree uncertificated unlisted portfolio holdings to confirmations from investee companies. The Custodian's internal controls assurance reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns investigated.	This risk is considered to be stable. All control procedures are working effectively.
Operational risk	Failure of Baillie Gifford's systems or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets.	Baillie Gifford has a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption or major disaster. The Audit Committee reviews Baillie Gifford's Report on Internal Controls and the reports by other key third party providers are reviewed by Baillie Gifford on behalf of the Board and a summary of the key points is reported to the Audit Committee and any concerns investigated. The other key third party service providers have not experienced significant operational difficulties affecting their respective services to the Company.	This risk is considered to be stable. All control procedures are working effectively.
Cyber security risk	A cyber attack on Baillie Gifford's network or that of a third party service provider could impact the confidentiality, integrity or availability of data and systems.	The Audit Committee reviews Reports on Internal Controls published by Baillie Gifford and other third party service providers. Baillie Gifford's Business Risk Department report to the Audit Committee on the effectiveness of information security controls in place at Baillie Gifford and its business continuity framework. Cyber security due diligence is performed by Baillie Gifford on third party service providers which includes a review of crisis management and business continuity frameworks.	This risk is seen as elevated but stable due to the continuation of geopolitical tensions that could lead to more cyber attacks. Emerging technologies, including AI, could potentially increase information security risks. In addition, service providers operate a hybrid approach of remote and office working, thereby increasing the potential of a cyber security threat.

High Risk Moderate Risk Low Risk

Increasing Risk Decreasing Risk Stable Risk

	What is the risk?	How is it managed?	Current assessment of risk
Leverage risk	The Company borrows money for investment purposes, sometimes known as 'gearing' or 'leverage'. If the investments fall in value, borrowings will magnify the impact of this loss. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings.	All borrowings require the prior approval of the Board and leverage levels are discussed by the Board and Managers at every meeting. Covenant levels are monitored regularly. Details of the Company's borrowings can be found in Notes 11 and 12 on pages 96 and 97. The majority of the Company's investments are in quoted securities that are readily realisable. Further information on leverage can be found on page 115 and the Glossary of terms and Alternative Performance Measures on pages 119 to 121.	This risk is considered to be stable. During the year to 31 March 2025 gearing increased from 11% to 13% although gross gearing (before deducting cash balances) remained unchanged at 13%. The Company has undrawn revolving credit facilities of US$100 million.
Political risk	Political change in areas in which the company invests or may invest may have practical consequences for the company.	Political developments are closely monitored and considered by the Board. The Board continues to assess the potential consequences for the Company's future activities including those that may arise from geopolitical tensions and constitutional change. The Board believes that the Company's global portfolio partially helps to mitigate such political risks.	This risk is seen as increasing as deteriorating geopolitical stability increases the prospect of further trade conflict and sanctions.
Emerging risks	As explained on page 66, the Board has regular discussions on principal risks and uncertainties, including any risks which are not an immediate threat but could arise in the longer term. The Board considers that the key emerging risks arise from the interconnectedness of the global economy (including factors such as supply chain constraints and economic sanctions) and the related exposure of the investment portfolio to societal and financial implications of an escalation of geopolitical tensions, cyber risk and coronavirus variants or similar public health threats. These are mitigated by the Managers' close links to the investee companies and their ability to ask questions on contingency plans. The Managers believe the impact of such events may be to impact the pace of growth rather than to invalidate the investment rationale over the long term.		

High Risk
Moderate Risk
Low Risk
Increasing Risk
Decreasing Risk
Stable Risk

Viability statement

In accordance with provision 31 of the UK Corporate Governance Code that the Directors assess the prospects of the Company over a defined period, the Directors have elected to do so over a period of 10 years. The Directors continue to believe this period to be appropriate as the investment objective of the Company is aimed at investors with a 5 to 10 year investment horizon and, subject to the assumptions detailed below, the Directors do not expect there to be any significant change to the current principal risks facing the Company nor to the adequacy of the controls in place to effectively mitigate those risks. Furthermore, the Directors do not reasonably envisage any change in strategy or any events which would prevent the Company from operating over a 10 year period.

Assumption 1

There is no significant adverse change to the regulatory environment and tax treatment enjoyed by UK investment trusts.

Assumption 2

The Company does not suffer sustained inadequate relative investment performance with the current or any successor fund managers such that the Company fails to maintain a supportive shareholder base.

Using the long term expectations of shareholders as the main determinant of the chosen assessment period, the Directors have conducted a robust assessment of the principal and emerging risks and uncertainties facing the Company, including climate change (as detailed on page 56) and, in particular, the impact of market risk where a significant fall in global equity markets would adversely impact the value of the investment portfolio. In reviewing the viability of the Company, the Directors have considered the key characteristics of the Company which include an investment portfolio that takes account of different degrees of liquidity, with moderate levels of debt and a business model where substantially all of the essential services required are outsourced to third party providers; this outsourcing structure allows key service providers to be replaced at relatively short notice where necessary.

The Directors have also considered the Company's leverage and liquidity in the context of the fixed term debentures, the private placement loan notes, the long term fixed rate bank loans, the short term bank loans, the revenue projections, the readily realisable nature of the listed portfolio which could be sold to provide funding if necessary and its stable closed ended structure. Specific leverage and liquidity stress testing was conducted during the year, including consideration of the risk of market deterioration. The leverage stress testing identified the impact on leverage in scenarios where gross assets fall by 25% and 50%, reflecting a range of market conditions that may adversely impact the portfolio. The liquidity stress testing has been conducted in line with ESMA liquidity stress testing guidelines. This included an analysis of a number of scenarios to reflect stressed liquidity conditions as well as a review of the one month liquidity available to repay Company borrowings.

The Directors have concluded that these sustainable long term characteristics provide a high degree of flexibility to the Company and afford an ability to react so as to mitigate both controllable and most external uncontrollable risks and events in order to ensure the long term prosperity of the business.

Based upon the Company's processes for monitoring operating costs, share price premium/discount, the Managers' compliance with the investment objective, the portfolio risk profile, leverage, counterparty exposure, liquidity risk, financial controls and the Managers' operational resilience, the Board believes that the prospects of the Company are sound and the Directors are able to confirm that they have a reasonable expectation that it will continue in operation and meet its liabilities as they fall due over a period of at least 10 years.

Promoting the success of the Company (Section 172 Statement)

Under section 172 of the Companies Act 2006, the directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters and to the extent applicable) to:

(a) the likely consequences of any decision in the long term;

(b) the interests of the company's employees;

(c) the need to foster the company's business relationships with suppliers, customers and others;

(d) the impact of the company's operations on the community and the environment;

(e) the desirability of the company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly as between members of the company.

In this context and having regard to Scottish Mortgage being an externally-managed investment company with no employees, the Board considers that the Company's key stakeholders are its shareholders, its externally-appointed Managers (Baillie Gifford) and other professional service providers (corporate brokers, registrar, auditors and depositary), lenders, wider society and the environment.

The Board considers that the Company's key stakeholders are aligned, in terms of wishing to see the Company deliver sustainable long-term growth, in line with the Company's stated objective and strategy, and meet the highest standards of legal, regulatory, and commercial conduct, with the differences between stakeholders being merely a matter of emphasis on those elements.

The Board's methods for assessing the Company's progress in the context of its stakeholders' interests are set out below.

Stakeholder	Why we engage	How we engage and what we do
Shareholders	Shareholders are, collectively, the Company's owners: providing them with a return for their investment in accordance with the Company's investment policy and objective is the reason for its existence.	The Board places great importance on communication with shareholders. The Annual General Meeting provides an opportunity for the Board and Investment Manager to present to shareholders on the Company's performance, future plans and prospects. It also allows shareholders the opportunity to meet with the Board and Investment Manager and raise questions and concerns. The Board are available to meet with shareholders as appropriate and meetings with major shareholders were held during the year. The Investment Manager meets regularly with shareholders and their representatives, reporting their views back to the Board. Directors also attend certain shareholder presentations, in order to gauge shareholder sentiment first hand. Shareholders may also communicate with members of the Board at any time by writing to them at the Company's registered office or to the Company's brokers. These communication opportunities help inform the Board when considering how best to promote the success of the Company for the benefit of all shareholders over the long term.
Baillie Gifford, Manager and Secretaries	The Company's Board has delegated the management of the Company's portfolio and the administration of the Company's operations including fulfilment of regulatory and taxation reporting requirements to Baillie Gifford. Baillie Gifford are therefore responsible for the substantial activities of the Company and have the most immediate influence on its conduct towards the other stakeholders, subject to the oversight and strategic direction provided by the Board.	The Board seeks to engage with its Managers and Secretaries, and other service providers in a collaborative and collegiate manner, encouraging open and constructive discussion and debate, while also ensuring that appropriate and regular challenge is brought and evaluation conducted. This approach aims to enhance service levels and strengthen relationships with the Company's providers, with a view to ensuring the interests of the Company's shareholders are best served by keeping cost levels proportionate and competitive, and by maintaining the highest standards of business conduct.
Portfolio companies	As all of the Company's operations are conducted by third party professional providers, it is the companies held in its investment portfolio which have the primary real-world impact in terms of social and environmental change, both positively and negatively, as well as generating, through their commercial success, the investment growth sought by the Company's shareholders. The investee companies have an interest in understanding their shareholders' investment rationale in order to assure themselves that long-term business strategies will be supported.	The Board is cognisant of the need to consider the impact of the Company's investment strategy and policy on wider society and the environment. The Board considers that its oversight of environmental, social and governance ('ESG') matters is an important part of its responsibility to all stakeholders. The Board's review of the Investment Manager includes an assessment of their ESG approach and its application in making investment decisions. The Board reviews Governance Engagement reports, which document the Investment Manager's interactions with investee companies on ESG matters (see page 19). The portfolio managers regularly report to the Board on discussions with portfolio companies on operational and strategic matters.
Brokers	The Company's brokers provide an interface between the Company's Board and its institutional shareholders.	The Company's brokers regularly attend Board meetings, and provide reports to those meetings, in order to keep the Board apprised of shareholder and wider market sentiment regarding the Company. They also arrange opportunities for shareholders to meet the Chairperson outside the normal general meeting cycle.
Registrar	The Company's registrars provide an interface with those shareholders who hold the Company's shares directly.	The Investment Manager liaises with the registrars to ensure the frequency and accuracy of communications to shareholders is appropriate, and monitor shareholder correspondence to ensure that the level of service provided by the registrar is acceptable. The Investment Manager's risk function reviews the registrar's internal controls report and reports on the outcome of this review to the Board.

Stakeholder	Why we engage	How we engage and what we do
Auditor	The Company's Auditor has a responsibility to provide an opinion on whether the Company's Financial Statements present a true and fair view of the state of affairs of the Company and its profit or loss for the period, and as a whole are free from material misstatement, as set out in more detail in the Auditor's report to the Members on page 74.	The Company's Auditor meets with the Audit Chair and the Board, in the absence of the Managers where deemed necessary, and the Managers undertake to provide all information requested by the Auditor in connection with the Company's annual audit promptly and to ensure that it is complete and accurate in all respects.
Depositary and Custodian	The depositary is responsible for the safekeeping of the Company's financial instruments, as set out in more detail on page 66.	The Depositary provides the Audit Committee with a report on its monitoring activities. The Investment Manager's Business Risk team reviews the relevant Bank of New York Mellon internal controls report and reports any relevant matters to the Audit Committee. The Board and Investment Manager seeks to engage with the Depositary and Custodian in a collaborative and collegiate manner, encouraging open and constructive discussion and debate, while also ensuring that appropriate and regular challenge is brought and evaluation conducted. This approach aims to enhance service levels and strengthen relationships, with a view to ensuring the interests of the Company's shareholders are best served by keeping cost levels proportionate and competitive, and by maintaining the highest standards of business conduct.
Regulatory Bodies	Engagement with regulatory bodies is important to ensure effective compliance with law and regulation. Failure to maintain good relations with regulatory bodies, or comply with relevant law and regulation, could lead to penalties and damage the Company's reputation. Regulatory risk can be mitigated by making representations to regulators regarding the specific circumstances of investment companies.	The Investment Manager engages regularly with the Financial Reporting Council ('FRC') and reports to the Board. The Company engaged with the FRC regarding its review of the Annual Report and Financial Statement for the year to 31 March 2023.
AIC/industry peers	The Association of Investment Companies ('AIC') and the Company's investment trust industry peers have an interest in the Company's conduct and performance, as adverse market sentiment towards one investment trust can affect attitudes towards the wider industry.	The Company is a member of the AIC, and the Directors and/or the Investment Manager and Secretaries (as appropriate) participate in technical reviews, requests for feedback on proposed legislation or regulatory developments, corporate governance discussions and/or training.
Investment platforms	Investment platforms provide an interface with shareholders who invest in the Company indirectly.	The Investment Manager liaises with the various investment platforms on strategies for improving communications with the Company's shareholders who hold their shares via these platforms. An annual timetable of key dates is published on the Company's website, for the ease of reference of such shareholders.
Lenders	Lenders such as holders of debt instruments (debentures and private placement loan notes) and banks providing fixed or revolving credit facilities provide the Company's gearing and have an interest in the Company's ongoing financial health and viability.	The Company's legal advisers review all legal agreements in connection with the Company's debt arrangements and advise the Board on the appropriateness of the terms and covenants therein. The Managers and Secretaries ensure that the frequency and accuracy of reporting on, for example, covenant certification, is appropriate and that correspondence from the lenders receives a prompt response.

Stakeholder	Why we engage	How we engage and what we do
Wider society and the environment	No entity, corporate or otherwise, can exist without having an influence on the society in which it operates or utilising the planet's resources. Through its third-party relationships, as noted above, the Company seeks to be a positive influence and, in circumstances where that is not possible, to mitigate its negative impacts insofar as is possible. The primary real-world impact of the Company's operations are through the companies held in its investment portfolio – please refer to 'Portfolio companies' section above.	The Board and Investment Manager's interactions with the various stakeholders as noted above form the principal forms of direct engagement with wider society and in respect of the environment (commercial, financial, and in terms of planetary health and resources).

Matters raised with the Board and Managers by shareholders over the year included:

- the discount to NAV per share. The Liquidity Policy offers no guarantees but seeks to address imbalances in the supply and demand for shares in normal market conditions. The discount has remained high when compared to the previous decade. In March 2024, the Company announced it would take concerted action and make available at least £1 billion for share buybacks over the following two years. The Company bought back £1.71 billion of shares over 206 occasions during the year to 31 March 2025. The management of the Liquidity Policy was discussed at all board meetings throughout the year with input from the company brokers. Throughout the year, updates on the implementation of the Liquidity Policy were provided to shareholders across multi-media communications.
- performance of the Company. The Managers and Board have acknowledged the painful experience endured by shareholders since the Company's share price peak in November 2021. As market volatility continues, they have continued to provide context by looking back over historical performance, where progress has never been a straight line for Scottish Mortgage or the companies it invests in. Regular updates on operational progress at portfolio company level have been shared in the belief that share price performance ultimately follows company fundamentals. The investment process remains unchanged in light of ongoing volatility because both the Board and Managers know that over periods of five years and longer, market sentiment becomes far less critical to returns.

Whilst the Company's operations are limited (with all substantive operations being conducted by the Company's third party service providers), the Board is keenly aware of the need to consider the impact of the Company's investment strategy and policy on wider society and the environment. The Board considers that its oversight of environmental, social and governance ('ESG') matters is an important part of its responsibility to all stakeholders and that proper consideration of ESG factors sits naturally with Scottish Mortgage's long-term approach to investment. The Board monitors the Managers' response to the current and anticipated impact of climate change on its investment strategy. The Board's approach to matters of diversity and inclusion is set out on page 64.

The Board recognises the importance of keeping the interests of the Company's stakeholders, and of acting fairly between them, firmly front of mind in its key decision making and the Company Secretaries are at all times available to the Board to ensure that suitable consideration is given to the range of factors to which the Directors should have regard. In addition to ensuring that the Company's stated investment objective was being pursued, key decisions and actions during the year which have required the Directors to have regard to applicable section 172 factors include:

- under the operation of the Company's Liquidity Policy and further to the announcement on 15 March 2024 that the Company would make available at least £1 billion for share buybacks over the next two years, the buying back into treasury of 184.8 million ordinary shares at a discount to net asset value in the year to 31 March 2025; at a cost of £1.71 billion and a further 25.9 million shares since the year-end.
- the Company refinanced US$100 million of revolving credit facilities to provide the Managers flexibility in the deployment of gearing; and
- as part of the Board's succession planning, the recruitment process and subsequent appointment of Mr Christopher Samuel in the year. This appointments is consistent with the AIC Corporate Governance Code principle that 'a successful company is led by an effective board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society'.

Employees, human rights and community issues

The Board recognises the requirement to provide information about employees, human rights and community issues.

As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, there are no disclosures to be made in respect of employees, human rights and community issues. Further information on the Company's approach to ESG matters is provided below. The Board encourages all service providers to the Company to consider matters of diversity and inclusion and report on progress to the Board annually (see page 64).

Gender representation

As at 31 March 2025, the Board comprises seven Directors, five male and two female. The Company has no employees. The Board's policy on diversity and inclusion is set out on page 64.

Environmental, social and governance policy

The consideration of ESG is gaining prominence in the finance industry. We welcome this but we are highly sceptical of the labels, metrics and box ticking which have become central to the broader ESG agenda for all too many. ESG has never been the starting point in our investment process. It is simply a by-product of our pursuit of long-term returns. However, we believe the need to create a more sustainable world represents a huge upside opportunity for companies on the front foot of change, and a material downside risk for those who are not. The impact a business has on society and its treatment of staff and customers will of course influence its chances of success. Given our investment time horizon of at least five years, we need to consider the possibility that environmental, social and governance factors will become internalised by market forces and regulation and could therefore influence the returns we generate for shareholders. More information and resources regarding the Managers' approach to environmental, social and governance factors can be found on the Company's website: **scottishmortgage.com**. The Managers' policy has been reviewed and endorsed by the Board.

Climate change

Scottish Mortgage does not seek specific climate outcomes as part of its investment objective. However, as noted above, the Managers believe the need to create a more sustainable world represents a huge upside opportunity for companies on the front foot of the transition, and a material downside risk for those who are not. At Scottish Mortgage we don't believe that carbon foot-printing in isolation is especially helpful. We view carbon footprints as a function of industry exposures rather than a company's ambition around decarbonisation. Some of the companies that are most important to the decarbonisation of the economy will have the highest footprints, for example Tesla Inc or BYD. For this reason, we do not believe that the environmental scores assigned by rating providers tell the whole story, and we are prepared to challenge them.

ESG reporting and signatories

A summary of the Company's voting activities is provided on page 21 and is published on the website under Portfolio Voting Disclosure on a quarterly basis.

The Managers have published a TCFD report in relation to the Company which can be found at **scottishmortgage.com**. This report is a means by which the portfolio's carbon footprint and exposure to climate risk are measured and reported. We believe companies disclosing their emissions and communicating emissions plans will be a helpful place from which to begin more useful discussions with management teams, industry experts and regulators. Ultimately, a carbon footprint is a first step, not an answer. It can direct our efforts but it also highlights the importance of company-level research. Only this can give an understanding of the performance, resilience and opportunity of the portfolio from a carbon perspective.

The Managers' statement of compliance with the UK Stewardship Code can be found on the Managers' website at **bailliegifford.com**.

The Managers are signatories to the United Nations Principles for Responsible Investment and the Carbon Disclosure Project and are also members of the International Corporate Governance Network and the Asian Corporate Governance Association.

Modern Slavery Act 2015

The Company considers that it does not fall within the scope of the Modern Slavery Act 2015 ('Act') and it is not, therefore, obliged to make a slavery and human trafficking statement. In any event, the Company considers its supply chains to be of low risk as its suppliers are typically professional advisers. A statement by the Managers under the Act has been published on the Managers' website at **bailliegifford.com**.

Future developments of the Company

The outlook for the Company is set out in the Statement from the Chair on pages 4 and 5 and in the Managers' Reviews on pages 6 to 15.

The Strategic Report which includes pages 4 to 56 was approved by the Board of Directors and signed on its behalf on 21 May 2025.

Justin Dowley
Chair

Directors and management

The members of the board come from a broad variety of backgrounds. The board can draw on an extensive pool of knowledge and experience.

Directors

Justin Dowley

Justin Dowley is a former international investment banker and was appointed a Director in 2015 and became Chair in 2023. He qualified as a chartered accountant at Price Waterhouse in 1980. Subsequently he was a director of Morgan Grenfell & Co. Limited, Head of Investment Banking at Merrill Lynch Europe and a founder partner of Tricorn Partners LLP. Formerly the chairman of Intermediate Capital Group plc and Melrose Industries plc, he is currently a deputy chairman of The Takeover Panel and a non-executive director of a number of private companies.

Professor Patrick H Maxwell

Patrick Maxwell is the Regius Professor of Physic and head of the School of Clinical Medicine at Cambridge University. He was appointed a Director in 2016 and is senior independent Director. Patrick has extensive knowledge and experience of the biotechnology sector and has made important research discoveries concerning how cells sense oxygen. He was elected a Fellow of the Academy of Medical Sciences in 2005. He is currently a member of the boards of Cambridge University Health Partners, Cambridge University Hospitals NHS Foundation Trust, Cambridge Enterprise and the International Biotechnology Trust PLC.

Mark FitzPatrick

Mark FitzPatrick was appointed to the Board in 2021 and became Chair of the Audit Committee in 2022. He was appointed Chief Executive Officer for St. James's Place in December 2023, where he is responsible for setting the strategic direction and vision for growth for the UK's largest financial advice firm. Mark was previously Group Chief Executive Officer of Prudential plc until February 2023. Prior to this he was the Group Financial Officer & Chief Operating Officer of Prudential plc from 2017 to 2022. Mark led the Prudential's Group Executive Committee, was a member of its Board, and had overall responsibility for the executive management and leadership of the business. Mark also served as Chair of the Prudential Diversity & Inclusion Council and Chair of the Group ESG Committee. Prior to joining Prudential in 2017, Mark was a Managing Partner at Deloitte and a member of the Executive Committee and the Board of Deloitte, UK. He was Vice Chairman of Deloitte between 2011 and 2015. Mark previously led Deloitte's insurance & investment management audit practice and its insurance industry practice. He worked at Deloitte for 26 years, advising global insurance and investment management clients. He is currently on the Board of the British Heart Foundation, where he chairs their Audit and Risk Committees.

Vikram Kumaraswamy

Vikram Kumaraswamy is the Head of Strategy and Corporate Development at Unilever. Vikram was appointed to the Board in 2023. He leads portfolio development and capital allocation for the Unilever group, with responsibility for strategy, M&A sourcing and execution, competitor intelligence and corporate venturing. A chartered accountant, Vikram was responsible for significant changes to Unilever's portfolio, positioning the company for superior long-term growth and involved in other strategic transformation initiatives. Vikram was previously CFO of PT Unilever Indonesia Tbk, based in Jakarta.

Stephanie Leung

Stephanie Leung is the Co-founder and CEO of KareHero Group, a social mission driven enterprise that helps working adults balance their careers while caring for elderly relatives. She was appointed a Director in 2023. She has spent approximately 25 years in executive leadership roles in large enterprise and tech-led businesses across the globe, most notably as part of Uber's EMEA leadership team, overseeing operations across 20 countries, and as DEI Co-Chair and Head of EMEA for Women@Uber. She also formed part of Uber's NED team in the UK. Earlier in her career, Stephanie was Chief Projects Officer at Monitor Group and CEO of Greater China at HAVI Group, eventually becoming the youngest member to join the global board, overseeing 40 countries as Chief Strategy and Business Development Officer. Stephanie began her career at Goldman Sachs as a Financial Analyst.

Sharon Flood

Sharon Flood is a Non-Executive Director of Getlink SE, where she is Chair of Safety and Security, and Cityfibre, where she is Chair of Audit. She is also a Non-Executive Director at Go Ahead Group where she is Chair of Audit and Govia Thameslink Railway. Sharon was appointed to the Board in 2023. Sharon previously served as Chair of Seraphine Group PLC and S T Dupont SA, and as a non-executive director at Pets at Home PLC, Crest Nicholson PLC, and Network Rail Ltd and has chaired Audit, Remuneration and ESG committees. A Fellow of the Chartered Institute of Management Accountants, Sharon has also held leadership roles at Sun European Partners and the John Lewis Partnership. She is currently a Trustee of the University of Cambridge and formerly a Trustee of both the Science Museum Group and Shelter.

Christopher Samuel

Christopher Samuel is an experienced Chair and non-executive director with financial services expertise. He was appointed to the Board in January 2025. Formerly the Chief Executive of Ignis Asset Management, Christopher also held board level executive positions at several asset management businesses including Gartmore, Hill Samuel Asset Management and Cambridge Place Investment Management. Prior to that he worked at Prudential-Bache and KPMG, where he qualified as a chartered accountant. Christopher is a non-executive director of Quilter plc, having previously been Chair of Quilter Financial Planning Limited. He was previously the Chair of BlackRock Throgmorton Trust plc, Chair of JP Morgan Japanese Investment Trust plc and a director of Alliance Trust, Sarasin, UIL and UIL Finance Limited.

Managers and secretaries

The Company has appointed Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, as its Alternative Investment Fund Manager and Company Secretary. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. Baillie Gifford & Co is an investment management firm formed in 1927 out of the legal firm Baillie & Gifford, WS, which has been Managers and Secretaries to the Company since its formation in 1908.

Baillie Gifford is one of the largest investment trust managers in the UK and currently manages twelve closed-ended investment companies. Baillie Gifford also manages open ended investment companies, together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under the management or advice of Baillie Gifford total around £207.7 billion. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 58 partners and a staff of around 1,700.

The Manager of Scottish Mortgage's portfolio is Tom Slater. Lawrence Burns is Deputy Manager. Tom Slater is a partner and Head of the North American equities team. Lawrence Burns is also a partner and leads international strategies that are focused on investing outside the US.

Baillie Gifford & Co and Baillie Gifford & Co Limited are both authorised and regulated by the Financial Conduct Authority.

Directors' report

The Directors present their Report together with the audited Financial Statements of the Company for the year to 31 March 2025.

Corporate governance

The Corporate Governance Report is set out on pages 63 to 67 and forms part of this Report.

Manager and company secretaries

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.

Careful consideration has been given by the Board as to the basis on which the management fee is charged. The Board considers that maintaining a low ongoing charges ratio is in the best interests of all shareholders as lower costs mean higher returns, particularly when compounded over long periods. The Board is also of the view that calculating the fee with reference to performance would be unlikely to exert a positive influence over the long term performance.

The Board as a whole fulfils the functions of the Management Engagement Committee. The Board considers the Company's investment management and secretarial arrangements on a continuing basis and a formal review is conducted at least annually. The Board considers, amongst others, the following topics in its review: the quality of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date, the administrative services provided by the Secretaries, the marketing efforts undertaken by the Managers and the promotion of diversity by the Managers. Following the most recent review and the good performance over the long term, it is the opinion of the Directors that the continuing appointment of Baillie Gifford & Co Limited as AIFM and the delegation of investment management services to Baillie Gifford & Co, on the terms agreed, is in the interests of shareholders as a whole.

Depositary

In accordance with the UK Alternative Investment Fund Managers Regulations, the AIFM must appoint a Depositary to the Company. The Bank of New York Mellon (International) Limited has been appointed as the Company's Depositary.

The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The custody function is also undertaken by The Bank of New York Mellon (International) Limited (the 'Custodian').

Directors

Information about the Directors, including their relevant experience, can be found on page 57 and 58.

Following a formal performance evaluation, the Board considers that the performance of the Directors continues to be effective and each remains committed to the Company. Their contribution to the Board is greatly valued and the Board recommends their re-election to shareholders.

Directors' indemnification and insurance

The Company has entered into qualifying third party deeds of indemnity in favour of each of its Directors. The deeds cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, any costs incurred in connection with criminal proceedings in which the Directors are convicted or civil proceedings brought by the Company in which judgement is given against him or her. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person. The indemnities were in force during the year to 31 March 2025 and up to the date of approval of this Report.

The Company maintains Directors' and Officers' Liability Insurance.

Conflicts of interest

Each Director submits a list of potential conflicts of interest to the Nomination Committee on an annual basis. The Committee considers these carefully, taking into account the circumstances surrounding them and makes a recommendation to the Board on whether or not the potential conflicts should be authorised. Board authorisation is for a period of one year. Having considered the lists of potential conflicts there were no situations which gave rise to a direct or indirect interest of a Director which conflicted with the interests of the Company.

Dividends

The Board recommends a final dividend of 2.78p per ordinary share which, together with the interim dividend of 1.60p per ordinary share already paid, makes a total of 4.38p for the year compared with 4.24p per ordinary share for the previous year.

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 (see page 114) and the final date for elections for this dividend is 19 June 2025.

Share capital

Capital structure

The Company's capital structure as at 31 March 2025 consists of 1,201,051,727 ordinary shares of 5p each, all of which are allotted and fully paid. At 31 March 2025, 283,729,153 shares were held in treasury. There are no restrictions concerning the holding or transfer of the Company's ordinary shares and there are no special rights attached to any of the shares.

Dividends

The ordinary shares carry a right to receive dividends. Interim dividends are determined by the Directors, whereas the proposed final dividend is subject to shareholder approval.

Capital entitlement

On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to ordinary shareholders in proportion to their shareholdings.

Voting

Each ordinary shareholder present in person or by proxy is entitled to one vote on a show of hands and, on a poll, to one vote for every share held.

Information on the deadlines for proxy appointments can be found on pages 110 and 112.

Major interests in the company's shares

Name	Ordinary 5p shares held at 31 March 2025	% of issue
Rathbones Investment Management Ltd	83,363,946	6.9%

Analysis of shareholders at 31 March

	2025 Number of shares held	2025 %	2024 Number of shares held	2024 %
Institutions	192,663,849	16.1	225,107,978	16.3
Intermediaries*	928,661,407	77.3	1,025,249,002	74.0
Individuals	33,642,194	2.8	43,493,108	3.1
Marketmakers	46,084,277	3.8	92,018,405	6.6
	1,201,051,727	**100.0**	**1,385,868,493**	**100.0**

* Intermediaries include wealth managers and execution-only platforms.

Share issuances and share buy-backs

At the last Annual General Meeting the Directors were granted power to allot equity securities or sell ordinary shares held in treasury for cash up to a maximum nominal amount of £6,699,614.

During the year to 31 March 2025, 184,816,766 shares were bought back. Between 1 April and 19 May 2025, a further 25,865,383 shares were bought back.

During the year to 31 March 2025 the Company sold no shares from treasury. At 31 March 2025, 283,729,153 shares were held in treasury. The Company issued no further shares between 1 April and 19 May 2025.

The Directors will again be seeking authorities at the forthcoming Annual General Meeting to buy back shares and to sell any shares held in treasury and allot new shares at a premium to the net asset value per share with debt valued at fair value. Details of these resolutions are set out below.

Annual general meeting

The details of the next AGM, including the proposed resolutions and information on the deadlines for proxy appointments, can be found on pages 110 to 112. Shareholders who hold shares in their own name on the main register will be provided with a Form of Proxy. 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 vote at the AGM.

Resolution 12 – authority to allot shares

Section 551 of the Companies Act 2006 provides that the Directors may not allot new shares without shareholder approval. Resolution 12 seeks to renew the Directors' authority to allot shares up to a maximum nominal amount of £5,882,033, representing approximately 10 per cent. of the Company's total issued ordinary share capital as at 19 May 2025, being the latest practicable date prior to publication of this document.

The Directors presently intend to exercise this power when the number of shares held by the Company in treasury is not sufficient to support share issuance by the Company in accordance with its stated liquidity policy. As at 19 May 2025, the Company held 308,374,153 ordinary shares in treasury. The authority will expire on 3 October 2026 or, if earlier, at the end of the Annual General Meeting of the Company to be held in 2026, unless previously cancelled or varied by the Company in general meeting.

Resolution 13 – disapplication of pre-emption rights

Resolution 13 which is being proposed as a Special Resolution, seeks to renew the Directors' authority to allot equity securities, or sell treasury shares, for cash without having to offer such shares to existing shareholders pro-rata to their existing holdings, up to a total nominal amount of £5,882,033, representing approximately 10 per cent of the Company's total issued ordinary share capital as at 19 May 2025, being the latest practicable date prior to publication of this document.

The Directors consider that the authority proposed to be granted by Resolution 13 continues to be advantageous when the Company's shares trade at a premium to net asset value and the level of natural liquidity in the market is unable to meet demand. The Directors do not intend to use this authority to sell or issue ordinary shares on a non pre-emptive basis at a discount to net asset value on the basis of debt valued at fair value. The attention of shareholders is drawn to information set out under Resolution 14 below.

While the level of the authority being sought is greater than the 5 per cent. recommended by the Pre-Emption Group in their Statement of Principles on disapplying pre-emption rights, it is specifically recognised in the Statement of Principles that, where an investment trust is seeking authority to issue shares at a premium to the underlying net asset value per share, this should not normally raise concerns and the Directors consider the greater flexibility provided by this authority to be justified in the circumstances.

Resolution 14 – authority to issue shares at a discount to net asset value

As noted above, the Directors do not intend to sell ordinary shares held in treasury or to issue new ordinary shares on a non pre-emptive basis at a discount to net asset value on the basis of debt valued at fair value. The Directors are aware that LR 15.4.11 of the Listing Rules prohibits the issue of ordinary shares (including ordinary shares held in treasury) for cash at a price below the net asset value per share of those shares without such shares first being offered to existing shareholders pro-rata to their existing holdings.

It is a general market understanding in this context that 'net asset value' is determined on the basis of debt valued at fair value but, for the purposes of LR 15.4.11, the term 'net asset value' is not specifically defined. As a result, having regard to guidance previously received from the FCA and consistent with the approach adopted in previous years, the Directors wish to ensure that any sale of ordinary shares held in treasury or issue of new ordinary shares will not result in an inadvertent breach of the Listing Rules by virtue of the FCA determining that 'net asset value' should be calculated on the basis of debt valued at par value. Resolution 14 seeks to renew the authority granted to the Company at the 2024 Annual General Meeting to issue shares at a discount to net asset value, in order to continue to protect against any such inadvertent breach. The Directors wish to reiterate that they will in no circumstances seek to issue ordinary shares (including ordinary shares held in treasury) for cash at a price below the net asset value per share on the basis of debt valued at fair value.

Resolution 15 – market purchase of own shares by the Company

The Directors are seeking shareholders' approval (by way of a Special Resolution) at the Annual General Meeting to renew the authority to purchase up to 14.99 per cent. of the ordinary shares in issue (excluding treasury shares) as at 19 May 2025, being the latest practicable date prior to publication of this document (or, if less, up to 14.99 per cent. of the ordinary shares in issue (excluding treasury shares) on the date on which the Resolution is passed). This authority will expire at the end of the Annual General Meeting of the Company to be held in 2026. Such purchases will only be made at a discount to the prevailing net asset value. The Company may hold bought back shares in treasury and then:

(a) sell such shares (or any of them) for cash (or its equivalent under the Companies Act 2006); or

(b) cancel such shares (or any of them).

Shares will only be re-sold from treasury at (or at a premium to) the net asset value per ordinary share on the basis of debt valued at fair value, in accordance with Resolution 14.

Treasury shares do not receive distributions and the Company will not be entitled to exercise the voting rights attaching to them.

Under the Listing Rules, the maximum price (exclusive of expenses) that may be paid on the exercise of the authority shall be an amount equal to the higher of:

(i) 5 per cent. above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of the purchase; and

(ii) the higher of the price of the last independent trade and the highest current independent bid for an ordinary share on the London Stock Exchange.

The minimum price (again exclusive of expenses) that may be paid will be the par value of an ordinary share. Purchases of ordinary shares will be made within guidelines established, from time to time, by the Board. The Company does not have any warrants or options in issue.

The Directors intend that this authority, if conferred, will be exercised only if to do so would result in an increase in net asset value per ordinary share for the remaining shareholders and if it is in the best interests of shareholders generally.

Recommendation

The Board considers that all the Resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Accordingly, the Board unanimously recommends that you vote in favour of all of the Resolutions, as the Directors intend to do where possible in respect of their own beneficial shareholdings which amount in aggregate to 334,185 shares, representing 0.03% of the current issued share capital of the Company.

Financial instruments

The Company's financial instruments comprise its investment portfolio, cash balances, borrowings and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 19 of the Financial Statements.

Articles of association

The Company's Articles of Association may only be amended by Special Resolution at a general meeting of shareholders.

Disclosure of information to auditors

The Directors confirm that, so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP are willing to continue in office and in accordance with section 489 and section 491(1) of the Companies Act 2006, resolutions concerning their reappointment and remuneration will be submitted to the Annual General Meeting.

Post balance sheet events

The Directors confirm that there have been no post balance sheet events up to 21 May 2025.

Stakeholder engagement

Although the Company has no employees, trade suppliers or customers, the Directors give regular consideration to the need to foster the Company's business relationships with its stakeholders, in particular with shareholders, its externally appointed Managers, other professional service providers and lenders. The effect of this consideration upon the key decisions taken by the Company during the financial year is set out in further detail in the Strategic Report on pages 4 to 56.

Greenhouse Gas Emissions and Streamlined Energy & Carbon Reporting ('SECR')

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons as set out above, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

Criminal Finances Act 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Bribery act

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Managers also adopt a zero tolerance approach and have policies and procedures in place to prevent bribery.

Approved by the Board of Directors and signed on its behalf by

Justin Dowley
Chair
21 May 2025

Corporate governance report

The Board is committed to achieving and demonstrating high standards of corporate governance. The Association of Investment Companies ('AIC') Code of Corporate Governance ('AIC Code') provides a framework of best practice for investment companies and can be found at **theaic.co.uk**. The Financial Reporting Council ('FRC') has confirmed that AIC members who report against the AIC Code, as is the case with the Company, will be meeting their obligations in relation to the 2018 UK Corporate Governance Code ('UK Code') which can be found at **frc.org.uk**.

Compliance

The Board confirms that the Company has complied throughout the year under review with the recommendations of the AIC code.

The Board

The Board has overall responsibility for the Company's affairs. The Board appoints the Managers and Secretaries and approves the terms of the investment management agreement. It has a number of matters reserved for its approval including strategy, investment policy, currency hedging, borrowings, gearing, share buy back and issuance policy, treasury matters, dividend and corporate governance policy. A separate meeting devoted to strategy is held each year. The Board seeks to contribute to the delivery of the Company's strategy by engaging with the Managers in a collaborative and collegiate manner with open and respectful discussion and debate being encouraged, whilst also ensuring that appropriate and regular challenge is brought and evaluation is conducted. The Board also reviews the financial statements, investment transactions, revenue budgets and performance. Full and timely information is provided to the Board to enable the Board to function effectively and to allow Directors to discharge their responsibilities.

Following the appointment of Mr Christopher Samuel on 1 January 2025, the Board comprises seven Directors, all of whom are non-executive. The Chair is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibility for investment management has been delegated to the Company's Alternative Investment Fund Manager ('AIFM'), Baillie Gifford & Co Limited, and, in the context of a Board comprising only non-executive Directors, there is no chief executive officer. As previously announced, following the conclusion of the Annual General Meeting, Mr Dowley will retire from the Board, Mr Samuel will become Chair and there will again be six Directors on the Board.

The Directors believe that the Board has a balance of skills and experience that enables it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on pages 57 and 58.

There is an agreed procedure for Directors to seek independent professional advice, if necessary, at the Company's expense.

Appointments

New Directors are appointed by the Board, following recommendation to the Board by the Nomination Committee. The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for inspection on request.

Under the provisions of the Company's Articles of Association, a Director appointed during the year is required to retire and seek election by shareholders at the next Annual General Meeting. In accordance with the Code all the Directors will retire at each Annual General Meeting and, if appropriate, offer themselves for re-election.

Independence of Directors

All the Directors are considered by the Board to be independent of the Managers and free of any business or other relationship that could interfere with the exercise of their independent judgement.

The Directors recognise the value of progressive refreshing of, and succession planning for, company boards and the Board's composition is reviewed annually. The Board is of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment trust company, where continuity and experience can be a benefit to the Board. The Board does not believe the simple imposition of inflexible numerical based limits on the tenure of individual members to be the best way to ensure ongoing diversity and Board refreshment overall. In determining the appropriate length of service for each Director, including the Chair, the Board must judge the appropriate balance between the retention of the corporate memory of the Company with a suitable rate of refreshment at any given point in time. Further, the Board wishes to retain the flexibility to be able to recruit outstanding candidates when they become available rather than simply adding new Directors based upon a predetermined timetable.

As previously announced, Mr Dowley will retire from the Board following the conclusion of the Annual General Meeting on 3 July 2025 and Professor Maxwell will retire from the Board at the conclusion of the Annual General Meeting to be held in 2026. Following a formal externally facilitated performance evaluation in March 2025, the Board concluded that, notwithstanding their length of service, both Mr Dowley and Professor Maxwell continued to demonstrate clear independence of character and judgement and their range of skills and experience were beneficial for the Board.

Policy on tenure of the Chair

The Board considers that the tenure of the Chair should be determined principally by how the Board's purpose in providing strategic leadership, governance and bringing challenge and support to the Managers can best be maintained, whilst also recognising the importance of independence, refreshment, diversity and retention of the corporate memory. The Nomination Committee of the Board considers the long term succession planning for this role as part of its broader remit to ensure there is an appropriate level of refreshment and diversity on the Board.

As noted above, Mr Dowley will retire from the Board following the conclusion of the Annual General Meeting and, as previously announced, Mr Samuel will become Chair. Mr Samuel was considered independent on appointment – see Board Composition below.

Meetings

There is an annual cycle of Board meetings which is designed to address, in a systematic way, overall strategy, review of investment policy, investment performance, marketing, revenue budgets, dividend policy and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The table below shows the attendance record for the core Board and Committee Meetings held during the year (various additional meetings were also held). The Annual General Meeting was attended by all Directors serving at that date.

Directors' attendance at meetings

	Board	Audit Committee	Nomination Committee
Number of meetings	**6**	**4**	**1**
Justin Dowley (Chair)	6	4	1
Professor Patrick Maxwell	6	4	1
Mark FitzPatrick (Audit Committee Chair)	6	4	1
Sharon Flood	6	4	1
Vikram Kumaraswamy	6	4	1
Stephanie Leung	6	4	1
Christopher Samuel*	2	–	1

* Appointed to the Board on 1 January 2025.

Nomination Committee

The Nomination Committee consists of the whole Board due to the relatively modest size of the Board. The Chair of the Board is Chair of the Committee. The Committee meets on an annual basis and at such other times as may be required. The Committee has written terms of reference which include reviewing the Board, identifying and nominating new candidates for appointment to the Board, Board appraisal, Board independence, succession planning and training. The Committee also considers whether Directors should be recommended for re-election by shareholders. The Committee is responsible for considering Directors' potential conflicts of interest and for making recommendations to the Board on whether or not the potential conflicts should be authorised. The Committee's Terms of Reference are available on request from the Company and within the 'Literature' section of the Company's pages of the Managers' website: **scottishmortgage.com**.

Diversity and inclusion

The Board believes diversity of thought is vital for informing the decisions taken for the Company both operationally and strategically at Board level. Maintaining this will promote the success of the Company for its shareholders and other key stakeholders (see Section 172 Statement on page 52) and support the Company in adapting to change over the coming decades.

As an externally managed investment trust, the Company's Managers, Baillie Gifford carry out all of the executive functions and so the Company itself has no employees. Accordingly, the Company itself therefore does not have any specific policies relating to employees or those applicable to an operating business.

Baillie Gifford strives for diversity in its own business and reports on its progress in this area to the Board annually. The principles of fairness, equality and openness form the backbone of its approach to diversity and inclusion. Further information about the initiatives to promote diversity and inclusion are available on the Managers' website at: **bailliegifford.com/en/uk/about-us/diversity-inclusion**.

The Board also encourages all other major service providers to the Company to consider these issues.

Board diversity policy

Appointments to the Board are made on merit with due regard for the benefits of diversity, including gender, social and ethnic backgrounds and having regard to, cognitive and personal strengths. The priority in succession planning and appointing new Directors is to identify the candidate with the best range of skills and experience to complement the existing Directors. The Board considers that diversity of thought is more likely to arise through debate between a group of individuals who can bring together a mix of experiences, whether those arise through their variety of professional disciplines, cultural backgrounds, gender or other factors, rather than the application of rigid criteria. Within the context of a small, entirely non-executive Board, a single appointment or retirement can have a significant impact on percentage representation, and a limited number of senior roles are available. The Board will endeavour to comply with the FCA Listing Rules diversity targets but notes that an orderly succession plan can, when implemented thoughtfully and having regard to the best interests of the Company and its shareholders, take a significant period of time to develop and may result in periods when the diversity targets are not met. Furthermore, the particular circumstances of directors may prevent them from being able to undertake the responsibilities of a senior role. In such circumstances, the Board considers that it is in the best interests of the Company to prioritise an orderly succession over the satisfaction of diversity targets.

Board composition

The Board continued to review its succession planning during the year using the external search consultancy, Fletcher Jones, which had been appointed the previous year, to identify Non-Executive Directors candidates to maintain the broad range of experience that is particularly valuable when supporting and challenging the Managers. Fletcher Jones was appointed after a full and thorough selection process undertaken by the Board and was specifically tasked with considering the promotion of diversity on the Board as an integral part of the recruitment process, having regard to the skills, experience and knowledge of each of the existing and prospective Directors, and with particular regard to the Parker Review recommendations. Mr Christopher Samuel was appointed to the Board with effect from 1 January 2025 and will become Chair following the conclusion of the Annual General Meeting. The Board believes that Mr Samuel's knowledge and experience will be of great benefit to the Company and is satisfied that, after reviewing his other commitments, he will be able to devote sufficient time to the Company. The Board's succession planning is ongoing and an announcement regarding the appointment of a further Non-Executive Director, and the appointment of Senior Independent Director in light of the retirement of Professor Maxwell in 2026, will be made in due course. Professor Maxwell's tenure has been extended to ensure an orderly succession.

The following disclosures are provided in respect of the FCA Listing Rules targets that: i) 40% of a board should be women; ii) at least one senior role should be held by a woman; and iii) at least one board member should be from a non-white ethnic background, as defined by the Office of National Statistics ('ONS') criteria:

As an externally managed investment company with no chief executive officer ('CEO') or chief financial officer ('CFO'), the roles which qualify as senior under FCA guidance are Chair and Senior Independent Director ('SID'). The Board also considers the role of Audit Committee Chair to represent a senior role within this context. The Audit Committee Chair is not recognised as a senior position under the FCA guidance and therefore is not reflected in the following numerical disclosures. The Board has considered that the Company's year end date to be the most appropriate date for disclosure purposes. As at 31 March 2025, the Board comprised seven Non-Executive Directors, five men and two women from a variety of backgrounds as set out in their biographies on pages 57 and 58.

The Board recruitment process seeks to draw upon as diverse a pool of candidates as possible, including men and women from across all ethnic backgrounds working in the fields of science and industry as well as finance.

Board as at 31 March 2025

Gender	Number of Board Members	% of the Board	Number of senior positions on the Board *
Men	5	71.4	2
Women	2	28.6	–
	7	100.0	2

Ethnic background	Number of Board Members	% of the Board	Number of senior positions on the Board *
White British or Other White (including minority white groups)	5	71.4	2
Asian/Asian British	2	28.6	–
	7	100.0	2

* The Board Chair and SID, being senior positions in accordance with the FCA Listing Rules. The Board also considers the Audit Committee Chair to be a senior position (not reflected in these disclosures).

As at 31 March 2025, the Board did not comply with the FCA Listing Rule target with respect to gender. The Board's ongoing succession planning will take this target into consideration.

Performance evaluation

During the year the Board appointed Lintstock Ltd, a firm which assists companies with the design and execution of board evaluations, to facilitate the performance evaluation of the Chair, each Director, the Board as a whole and its Committees.

Lintstock provided similar evaluations for the Company previously but has no other connection with the Company or the Directors. Lintstock provided questionnaires which were tailored to the specific needs of the Company. The questionnaires addressed, amongst other issues:

- Board and Committee composition and expertise;
- quality of Board documentation, administration and third party relationships;
- trust oversight and priorities for change; and
- personal development.

Each Director and the Chair completed the questionnaires and the Chair discussed feedback with each Director. The results were considered by the Nomination Committee. Lintstock reviewed the output from the evaluation process and judged the Company's Board, Committees and Directors to be operating effectively.

Following this process, it was concluded that the performance of each Director, the Chair, the Board and its Committees continued to be effective and each Director and the Chair remained committed to the Company. A review of the Chair's and other Directors' commitments was carried out and the Nomination Committee was satisfied that they are capable of devoting sufficient time to the Company.

It is intended that the evaluation will again be externally facilitated in 2028.

Induction and training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. Regular briefings were provided during the year on industry and regulatory matters. The Directors receive other training as necessary.

Remuneration

As all the Directors are non-executive, there is no requirement for a separate Remuneration Committee. Directors' fees are considered by the Board as a whole within the limits approved by shareholders with the Chair's fees considered by the Board in the absence of the Chair. The Company's policy on remuneration is set out in the Directors' Remuneration Report on pages 70 to 72.

Audit Committee

The report of the Audit Committee is set out on pages 68 and 69.

Internal controls and risk management

The Directors acknowledge their responsibility for the Company's risk management and internal control systems and for reviewing their effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is a continuing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the FRC 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued in September 2014.

The practical measures in relation to the design, implementation and maintenance of control policies and procedures to safeguard the Company's assets and to manage its affairs properly, including the maintenance of effective operational and compliance controls, have been delegated to the Managers and Secretaries.

The Board oversees the functions delegated to the Managers and Secretaries and the controls managed by the AIFM in accordance with the UK Alternative Investment Fund Managers Regulations (as detailed below). Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provide the Audit Committee with regular reports on their monitoring programmes. The reporting procedures for these departments are defined and formalised within a service level agreement. Baillie Gifford & Co conducts an annual review of its system of internal controls which is documented within an internal controls report which complies with ISAE 3402 – Assurance Reports on Internal Controls of Service Organisations made available to Third Parties. This report is independently reviewed by Baillie Gifford and Co's auditor and a copy is submitted to the Audit Committee.

A report identifying the material risks faced by the Company and the key controls employed to manage these risks is reviewed by the Audit Committee.

These procedures ensure that consideration is given regularly to the nature and extent of risks facing the Company and that they are being actively monitored. Where changes in risk have been identified during the year they also provide a mechanism to assess whether further action is required to manage these risks.

The Directors confirm that they have reviewed the effectiveness of the Company's risk management and internal controls systems, which accord with the FRC 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued in September 2014, and they have procedures in place to review their effectiveness on a regular basis. No significant weaknesses were identified in the year under review and up to the date of this Report.

The Board confirms that these procedures have been in place throughout the Company's financial year and continue to be in place up to the date of approval of this Report.

To comply with the UK Alternative Investment Fund Managers Regulations, The Bank of New York Mellon (International) Limited acted as the Company's Depositary and Baillie Gifford & Co Limited as its AIFM.

The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Company's Depositary also acts as the Company's Custodian. The Custodian prepares a report on its key controls and safeguards which is independently reviewed by its appointed auditors, KPMG LLP. The reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns investigated.

The Depositary provides the Audit Committee with a report on its monitoring activities.

The AIFM has established a permanent risk management function to ensure that effective risk management policies and procedures are in place and to monitor compliance with risk limits. The AIFM has a risk management policy which covers the risks associated with the management of the portfolio, and the adequacy and effectiveness of this policy is reviewed and approved at least annually. This review includes the risk management processes and systems and limits for each risk area.

The risk limits, which are set by the AIFM and approved by the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits, including leverage (see page 115), are monitored and the sensitivity of the portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables in the portfolio. Exceptions from limits monitoring and stress testing undertaken by Baillie Gifford's Business Risk Department are escalated to the AIFM and reported to the Board along with remedial measures being taken. No exceptions occurred during the year.

Going concern

In accordance with the Financial Reporting Council's guidance on going concern and liquidity risk, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern.

The Company's principal and emerging risks are market related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is contained on pages 48 to 51 and in note 19 to the Financial Statements.

The Board has, in particular, considered the impact of heightened macroeconomic and geopolitical concerns, including trade wars, the ongoing Russia-Ukraine war and the conflict in the Middle East. It has reviewed the results of specific leverage and liquidity stress testing, but does not believe the Company's going concern status is affected. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis.

During 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 Company has continued to comply with the investment trust status requirements of Section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011.

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters set out in the Viability Statement on page 52, which assesses the prospects of the Company over a period of 10 years, that the Company will be able to pay its obligations as they fall due and will continue in operational existence for a period of at least 12 months from the date of approval of these Financial Statements.

Relations with shareholders

The Board places great importance on communication with shareholders. The Company's Managers meet regularly with shareholders and their representatives and report shareholders' views to the Board. The Chair and the Audit Committee Chair are each available to meet with shareholders as appropriate. Shareholders wishing to communicate with any members of the Board may do so by writing to them at the Company's registered office, or through the Company's brokers, Numis Securities and Jefferies (see contact details on the back cover).

The Company's Annual General Meeting conventionally provides a forum for communication with all shareholders. The level of proxies lodged for each resolution is announced at the meeting and published at **scottishmortgage.com**. The notice period for the Annual General Meeting is at least twenty working days. Shareholders and potential investors may obtain up-to-date information on the Company at **scottishmortgage.com**.

Authorities to issue and buy back shares

The Directors' remaining authorities at 31 March 2025 to issue and buy back the ordinary shares are disclosed in note 13 on page 98.

Corporate governance and stewardship

In its oversight of the Managers and the Company's other service providers, the Board promotes due regard to the benefits of diversity. The Board's approach to matters of diversity is set out on page 64 of this report.

The Company has given discretionary voting powers to Baillie Gifford & Co. The Managers vote against resolutions they consider may damage shareholders' rights or economic interests and report their actions to the Board. More information and resources regarding the Managers' approach to governance factors can be found on page 56 of this report and on the Company's website: **scottishmortgage.com**.

The Managers' statement of compliance with the UK Stewardship Code can be found on the Managers' website at **bailliegifford.com**.

Climate change

The Company's direct operational footprint is minimal. It has not retained more than seven non-executive Directors who formally meet six times a year. The material environmental impact of the Company is made via its portfolio holdings. More information regarding the Manager's approach to climate change is available on page 56 of this report, and on the Company's website at **scottishmortgage.com**.

Approved by the Board of Directors and signed on its behalf by
Justin Dowley
Chair
21 May 2025

Audit Committee report

The Audit Committee consists of all Directors. The Chair of the Board, Mr Dowley, is a member of the Audit Committee in accordance with the provisions of the AIC Code of Corporate Governance.

The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. Mark FitzPatrick, the Chair of the Committee, Justin Dowley, Sharon Flood, Vikram Kumaraswamy and Christopher Samuel are Chartered Accountants. The Committee's authority and duties are clearly defined within its written terms of reference which are available on request from the Company Secretaries and at **scottishmortgage.com**. The terms of reference are reviewed annually.

The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process (see page 65).

At least once a year the Committee meets with the external Auditors without any representative of the Manager being present.

Main activities of the Committee

The Committee met formally four times during the year and PricewaterhouseCoopers LLP, the external Auditors, attended these meetings. Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provided reports on their monitoring programmes for these meetings.

The matters considered, monitored and reviewed by the Committee during the course of the year included the following:

- the results announcement and the Annual and Interim Reports;
- the Company's accounting policies and practices and the implementation of the Managers' valuation policy for investments in private company (unlisted) companies;
- the regulatory changes impacting the Company;
- the requirement to ensure the Annual Report and Financial Statements are fair, balanced and understandable and whether it provided the information necessary for shareholders to assess the Company's performance, business model and strategy;
- the effectiveness of the Company's internal control environment;
- appointment, remuneration and engagement letter of the external Auditors;
- whether the audit services contract should be put out to tender;
- the policy on the engagement of the external Auditors to supply non-audit services;
- the independence, objectivity and effectiveness of the external Auditors;
- the need for the Company to have its own internal audit function;
- internal controls reports received from the Managers and Custodian; and
- the arrangements in place within Baillie Gifford & Co whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Internal audit

The Committee continues to believe that the compliance and internal controls systems and the internal audit function in place within the Investment Managers provide sufficient assurance that a sound system of internal control which safeguards shareholders' investment and the Company's assets is maintained. An internal audit function, specific to the Company, is therefore considered unnecessary.

Financial reporting

The Committee considers that the most significant area of risk likely to impact the Financial Statements is the existence, ownership and valuation of investments as they represent 99.7% of total assets.

- **Private company (unlisted) investments**
  The Committee reviewed the Managers' valuation approach for investments in private (unlisted) companies (as described on page 87) and approved the valuations of the private company investments following a detailed review of the valuation of each investment and relevant challenge where appropriate.

  The Managers agreed the holdings in certificated form to confirmations from the Company's custodian and holdings of uncertificated private company investments were agreed to confirmations from the relevant investee companies.
- **Listed investments**
  The majority of the investments are in quoted securities and market prices are readily available from independent external pricing sources. The Committee reviewed Baillie Gifford's Report on Internal Controls which details the controls in place regarding the recording and pricing of investments.

  The Managers agreed the prices of all the listed investments at 31 March 2025 to external price sources and the holdings were agreed to confirmations from the Company's Custodian or Transfer Agent.

The Managers and Auditors confirmed to the Committee that they were not aware of any material misstatements in the context of the Financial Statements as a whole and that the Financial Statements are in accordance with applicable law and accounting standards.

Internal controls and risk management

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on page 66. No significant weaknesses were identified in the year under review.

Audit Tender

Following the audit tender process held in February 2023 the Board unanimously decided to reappoint PricewaterhouseCoopers LLP as Auditors.

External auditors

To fulfil its responsibility regarding the independence of the external Auditors the Committee reviewed:

- the audit plan for the current year;
- a report from the Auditors describing the arrangements to identify, report and manage any conflicts of interest and received confirmation of their independence; and
- the extent of non-audit services provided by the external Auditors. Non-audit fees for the year to 31 March 2025 were £4,000 and relates to specific procedures performed in respect of financial information provided to the debenture trustee. The Committee does not believe that this has impaired the Auditors' independence.

The effectiveness of the external Auditors was reviewed and the Committee considered:

- the Auditors' fulfilment of the agreed audit plan;
- feedback from the Secretaries on the performance of the audit team;
- the Audit Quality Inspection Report from the FRC; and
- detailed discussion with audit personnel to challenge audit processes and deliverables.

To fulfil its responsibility for oversight of the external audit process the Committee considered and reviewed:

- the Auditors' engagement letter;
- the Auditors' proposed audit strategy;
- the audit fee; and
- a report from the Auditors on the conclusion of the audit.

The audit partner responsible for the audit will be rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business. Mr Jeremy Jensen, the current audit partner, took over this role from the conclusion of the 2024 audit and is expected to continue as audit partner until the conclusion of the 2029 audit.

PricewaterhouseCoopers LLP has confirmed that it believes it is independent within the meaning of regulatory and professional requirements and that the objectivity of the audit partner and staff is not impaired.

Having carried out the review process described above, and undertaken a tender process,the Committee is satisfied that the Auditors have remained independent and effective.

There are no contractual obligations restricting the Committee's choice of external Auditors.

Accountability and audit

The respective responsibilities of the Directors and the Auditors in connection with the Financial Statements are set out on pages 73 and 79.

On behalf of the Board
Mark FitzPatrick
Audit Committee Chair
21 May 2025

Directors' remuneration report

This report has been prepared in accordance with the requirements of the Companies Act 2006.

Statement by the Chair

The Directors' Remuneration Policy is subject to shareholder approval every three years or sooner if an alteration to the policy is proposed.

The Remuneration Policy which is set out below was approved at the Annual General Meeting in June 2023. No changes are proposed to the policy and an ordinary resolution for the approval of the Remuneration Policy will be put to the members at the Annual General Meeting in 2026.

The Board reviewed the level of fees during the year and it was agreed that with effect from 1 April 2025 the fee for the Chair will be increased to £77,500, the fee for the Chair of the Audit Committee will be increased to £64,500 and the Directors' fees will be increased to £51,500. Additionally, it was agreed that the Senior Independent Director would be paid an additional fee of £3,000 on an ongoing basis. The fees were last increased on 1 April 2024.

Directors' remuneration policy

The Board is composed wholly of non-executive Directors, none of whom has a service contract with the Company. There is no separate remuneration committee and the Board as a whole considers changes to Directors' fees from time to time, with the Chair's fee being considered in the absence of the Chair. Baillie Gifford & Co Limited, who has been appointed by the Board as the Company Secretaries, provide comparative information when the Board considers the level of Directors' fees.

The Board's policy is that the remuneration of Directors should be set at a reasonable level that is commensurate with the duties and responsibilities of the role and consistent with the requirement to attract and retain Directors of the appropriate quality and experience. The Board believes that the fees paid to the Directors should reflect the experience of the Board as a whole, be fair and should take account of the level of fees paid by comparable investment trusts and prevailing rates of retail price inflation. Any views expressed by shareholders on the fees being paid to Directors will be taken into consideration by the Board when reviewing the Board's policy on remuneration.

Directors are not eligible for any other remuneration or benefits apart from the reimbursement of allowable expenses. Directors are paid a fixed fee. There are no performance conditions relating to Directors' fees and there are no long term incentive schemes or pension schemes. No compensation is payable on loss of office.

Limits on Directors' remuneration

The fees for the Directors are monthly in arrears and are determined within the limit set out in the Company's Articles of Association which is currently £500,000 in aggregate. Any change to this limit requires shareholder approval.

The fees paid to Directors in respect of the year ended 31 March 2025 and the expected fees payable in respect of the year ending 31 March 2026 are set out in the table below. The fees payable to the Directors in the subsequent financial periods will be determined following an annual review of the Directors' fees.

	Expected fees for year ending 31 Mar 2026 £	Fees for year ending 31 Mar 2025 £
Chair's fee	77,500	75,000
Chair of Audit Committee's fee	64,500	62,500
Senior Independent Director	54,500	50,000
Directors' fee	51,500	50,000
Total aggregate annual fees that can be paid to the Directors in any year under the Directors' Remuneration Policy, as set out in the Company's Articles of Association	500,000	500,000

Annual report on remuneration

An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's Auditors to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in PricewaterhouseCoopers LLP's report on pages 74 to 81.

Directors' remuneration for the year (audited)

The Directors who served during the year received the following remuneration in the form of fees and taxable benefits. This represents the entire remuneration paid to the Directors.

Name	2025 Fees £	2025 Taxable benefits * £	2025 Total £	2024 Fees £	2024 Taxable benefits * £	2024 Total £
Christopher Samuel†	12,500	1,827	**14,327**	–	–	–
Justin Dowley (Chair)	75,000	9,003	**84,003**	64,135	5,783	**69,918**
Professor Patrick Maxwell	50,000	1,911	**51,911**	45,000	2,757	**47,757**
Fiona McBain‡	–	–	–	16,277	797	**17,074**
Professor Paola Subacchi‡	–	–	–	10,788	2,450	**13,238**
Mark FitzPatrick (Audit Committee Chair)	62,500	1,738	**64,238**	56,000	865	**56,865**
Sharon Flood¶	50,000	5,128	**55,128**	39,404	3,671	43,075
Vikram Kumaraswamy¶	50,000	4,566	**54,566**	39,404	125	39,529
Stephanie Leung§	50,000	3,759	**53,759**	30,000	2,563	32,563
	350,000	**27,930**	**377,932**	**301,008**	**19,011**	**320,019**

* Comprises travel and subsistence expenses incurred by or on behalf of Directors in the course of travel to attend Board, Committee and other meetings held at the Company's registered office in Edinburgh. These amounts have been grossed up for income tax.
† Appointed to the Board on 1 January 2025 ‡ Retired from the Board on 27 June 2023
¶ Appointed to the Board on 17 May 2023 § Appointed to the Board on 1 August 2023

Annual percentage change in remuneration

This represents the annual percentage change in the entire remuneration paid to the Directors.

Name	% from 2024 to 2025	% from 2023 to 2024	% from 2022 to 2023	% from 2021 to 2022
Justin Dowley (Chair)*	20.1	46.2	(14.6)	(0.4)
Professor Amar Bhidé†	–	–	11.8	13.7
Professor Patrick Maxwell	8.7	2.0	4.0	(1.1)
Fiona McBain#	–	(76.0)	1.5	(0.6)
Professor Paola Subacchi#	–	(72.6)	7.4	(3.0)
Mark FitzPatrick (Audit Committee Chair)	13.0	1.1	155.3	–
Sharon Flood‡	28.0	–	–	–
Vikram Kumaraswamy‡	38.0	–	–	–
Stephanie Leung¶	65.1	–	–	–
Christopher Samuel††	–	–	–	–

Directors' interests (audited)

Name	Ordinary 5p shares held at 31 March 2025	Ordinary 5p shares held at 31 March 2024
Justin Dowley	209,337	208,998
Mark FitzPatrick	10,000	10,000
Professor Patrick Maxwell	75,594	75,594
Sharon Flood‡	9,601	7,183
Stephanie Leung¶	–	–
Vikram Kumaraswamy‡	4,075	–
Christopher Samuel††	25,578	–

The interests of the Directors of the Company (and their connected parties) at the year-end were as shown above. There have been no other changes in the Directors' interests up to 21 May 2025.

* Elected as Chair on 27 June 2023 † Left the Board on 20 March 2023 # Retired from the Board on 27 June 2023
‡ Appointed to the Board on 17 May 2023 ¶ Appointed to the Board on 1 August 2023
†† Appointed to the Board on 1 January 2025

Statement of voting at Annual General Meeting

At the last Annual General Meeting at which the Directors' Remuneration Policy was considered (June 2023), 99.4% of votes received were in favour, 0.4% were against and votes withheld were 0.2%.

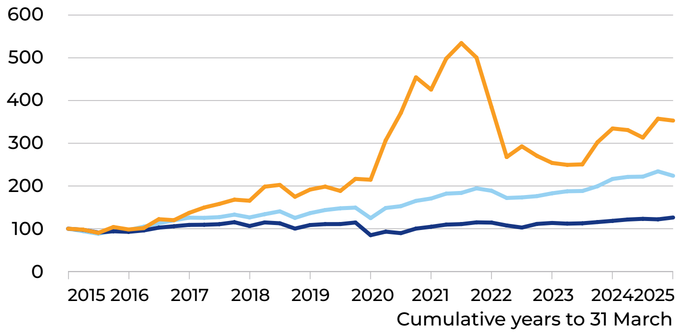
Relative importance of spend on pay

The table below shows the actual expenditure during the year in relation to Directors' remuneration and distributions to shareholders.

	2025 £'000	2024 £'000	Change %
Directors' remuneration	378	320	18.1
Dividends	55,342	57,659	(4.0)
Share buy-backs	1,709,766	176,490	868.8

Company performance

Scottish Mortgage's Share Price, FTSE All-Share Index and FTSE All-World Index*
(figures have been rebased to 100 at 31 March 2015)



Source: LSEG#.

- Scottish Mortgage share price
- FTSE All-World Index†
- FTSE All-Share Index

* All figures are total return (assuming all dividends are reinvested). See Glossary of terms and Alternative Performance Measures on pages 119 to 121.

† In sterling terms.

See disclaimer on page 117.

Past performance is not a guide to future performance.

The graph compares the total return (assuming all dividends are reinvested) to ordinary shareholders compared to the total shareholder return on a notional investment made up of shares in the component parts of the FTSE All-Share Index. This index was chosen for comparison purposes, as it is a widely used measure of performance for UK listed companies (FTSE All-World Index provided for information purposes only).

Approval

The Directors' Remuneration Report on pages 70 to 72 was approved by the Board of Directors and signed on its behalf on 21 May 2025.

Justin Dowley
Chair

Statement of directors' responsibilities in respect of the annual report and financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Annual Financial Report

The Directors consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

We confirm to the best of our knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the net return of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

On behalf of the Board
Justin Dowley
Chair
21 May 2025

Notes
The following notes relate to financial statements published on a website and are not included in the printed version of the Annual Report and Financial Statements:

- The maintenance and integrity of the Baillie Gifford & Co website is the responsibility of Baillie Gifford & Co; the work carried out by the auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of Scottish Mortgage Investment Trust PLC

Report on the audit of the financial statements

Opinion

In our opinion, Scottish Mortgage Investment Trust PLC's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2025; the Income statement, the Cash flow statement and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 4 to the financial statements, we have provided no non-audit services to the company in the period under audit.

Our audit approach

Overview

Audit scope	• The Company is a standalone Investment Trust Company and engages Baillie Gifford & Co Limited (the 'AIFM') to manage its assets. • We conducted our audit of the financial statements using information from the AIFM to whom the Directors have delegated the provision of all administrative functions. • We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the AIFM and other third party service providers, the accounting processes and controls, and the industry in which the Company operates. • We obtained an understanding of the control environment in place at the AIFM, including controls around the valuation of unlisted investments and we adopted a fully substantive testing approach.
Key audit matters	• Income from investments • Valuation and existence of listed investments • Valuation and existence of unlisted investments
Materiality	• Overall materiality: £120,820,000 (2024: £126,200,000) based on approximately 1% of Net Assets. • Performance materiality: £90,615,000 (2024: £94,600,000). • Specific materiality: £6,041,000 (2024: N/A) on non-valuation related Income statement financial statement line items.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key Audit Matter	How our audit addressed the Key Audit Matter
Income from investments Refer to Note 1 – Principal Accounting Policies and Note 2 – Income. Income from investments comprises gains/losses on investments (capital) amounting to £1,273.1 million and dividend income of £28.4 million. We applied a specific materiality to non-valuation financial statement line items in the Income Statement, determining dividend income to be material and therefore we focus on the completeness and existence of this balance as well as the classification between revenue and capital. Gains and losses on investments is a material figure in the Income statement and comprises realised and unrealised gains and losses on both listed and unlisted investments. Gains and losses on investments are calculated based on the movement in fair value in the year; whilst the fair value of listed investments is derived from external sources, there is significant judgment involved in the valuation of unlisted investments (see separate Key Audit Matter below). ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective. Whilst the Company does have a stated aim to deliver dividend growth, dividends are non complex in nature with few judgements involved, and therefore we consider the more significant returns to relate to capital growth on investments over a longer term period. As such, we focussed the risk of fraud in income recognition on the valuation of gains and losses on investments, in particular driven by judgments made in relation to the valuation of unlisted investments. We also considered the risk of manipulation of income through making manual journal entries.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to confirm that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of the processes and controls surrounding income recognition and journals. We tested the recognition of dividend income by comparing the dividends recorded in the financial statements to external sources. We also considered the classification of all dividend income, including any special dividends received in the year. We have tested the completeness of dividends by confirming that dividends announced by a sample of listed investments in the year were appropriately recognised by the Company. For unrealised gains and losses, we sample tested the valuation of the investment portfolio at the year-end (see below), together with testing the reconciliation of opening and closing investments. For realised gains and losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains and losses. We considered the risk of inappropriate bias in the judgments and estimates made in the valuation of unlisted investments that would impact on the unrealised gains and losses recognised in the income statements – see further details in the 'Valuation and existence of unlisted investments' Key Audit Matter below. Our testing also included the consideration of specific risks in relation to posting journals in order to manipulate the gains and losses on investments. We assessed the journals posted to unexpected account combinations or with unusual amounts, and considered the individuals posting and approving journals. We have no matters to report in respect of this work.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation and existence of listed investments Refer to the Audit Committee Report, Note 1 – Principal Accounting Policies and Note 9 – Investments held at fair value through profit or loss. The investment portfolio at 31 March 2025 comprised listed equity investments (Level 1) of £9,880.9 million. We focused on the valuation and existence of listed investments because listed investments represent the principal element of the net asset value (total shareholder's funds) of the Company.	We tested the valuation of all the listed investments as at 31 March 2025 by agreeing the prices used in the valuation to independent third party sources. We tested the existence of all listed investments by agreeing the holdings of all investments to an independent confirmation from the Depository, The Bank of New York Mellon (International) Limited as at 31 March 2025. We have no matters to report in respect of this work.
Valuation and existence of unlisted investments Refer to the Audit Committee Report, Note 1 – Principal Accounting Policies and Note 9 – Investments held at fair value through profit or loss. The investment portfolio at 31 March 2025 included unlisted investments. We focused on the valuation and existence of the unlisted investments as these investments represented a material balance in the financial statements (£3,784.8 million) and the valuation requires significant estimates and judgements to be applied by the Directors such that changes to key assumptions within the estimates and/or judgements made could result in a material change to the valuation of unlisted investments. We considered both the risk of over or understatement of the valuations, recognising that there may exist incentives to over or under-value investments depending on specific circumstances such as performance for the year and the cap on the proportion of unlisted investments to total investments set out in the Investment policy. The risk of under or over-statement in the valuation process could arise from error or fraud.	We understood and assessed the design and implementation of the process and controls surrounding the valuation of unlisted investments, including the involvement of a third party valuation expert, S&P Global, and the processes, governance and oversight of the valuations by the AIFM and the Company's Audit Committee. On a sample basis, we assessed the valuation methodology applied by reference to the International Private Equity and Venture Capital Valuation guidelines (IPEV), and tested the techniques used by the Directors in determining the fair value of unlisted investments We read the internal AIFM valuation committee meeting minutes where the valuations of the unlisted investments were discussed and attended relevant meetings where the valuation of these investments were discussed. We also utilised our own internal valuation experts both to assess the valuation process and also to support the core audit team in testing certain judgemental selected unlisted investments. Our substantive testing, performed on a sample basis, included: • Assessing the appropriateness of the valuation methodology used and testing the inputs either through validation to appropriate sources, or where relevant, assessing whether significant estimates and judgements used are supportable; • Comparing valuations of investments in funds to the most recent audited financial statements, where available; and • Comparing valuations to recent transactions, where relevant, including consideration of whether the recent transaction was at arm's length. We also considered the potential impact of climate change on the valuation of the unlisted investments through gaining an understanding of how the AIFM and Directors had considered the impact of climate change throughout the valuation process. We tested the existence of the unlisted investment portfolio by agreeing a sample of the holdings to independently obtained confirmations as at 31 March 2025. Throughout our work, we considered the risk of fraud through management override or inappropriate bias. We have no matters to report in respect of this work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

The impact of climate risk on our audit

In planning our audit, we made enquiries of the Directors and Investment Manager to understand the extent of the potential impact of climate change on the Company's financial statements. The Directors and Investment Manager concluded that there was no material impact on the financial statements. Our evaluation of this conclusion included challenging key judgements and estimates in areas where we considered that there was greatest potential for climate change impact. This was principally in relation to the valuation of certain hard to value investments as explained in our key audit matter 'Valuation and existence of unlisted investments'. We also considered the consistency of the climate change disclosures included in the Strategic Report and Corporate Governance Report with the financial statements and our knowledge from our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£120,820,000 (2024: £126,200,000).
How we determined it	Approximately 1% of Net Assets
Rationale for benchmark applied	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark for investment trust company audits. This benchmark provides an appropriate and consistent year on year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £90,615,000 (2024: £94,600,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

This year we have applied a specific materiality of £6,041,000 to the Income statement's non-valuation related financial statement line items.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £6,041,000 (2024: £6,300,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' risk assessment and considering whether it addressed relevant threats, including the ongoing conflict between Russia and Ukraine, and wider political and macroeconomic uncertainty;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses and debt repayments, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers;
- assessing the impact of the discount at which the Company's share price has been trading compared to the net asset value per share; and
- assessing the implication of reductions in NAV as a result of market performance on the ongoing ability of the Company to operate, taking into consideration stress testing performed by the Directors.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the annual report and financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the use of inappropriate bias in key judgments and estimates used in the valuation of unlisted investments or the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- discussions with the AIFM and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing relevant meeting minutes, including those of the Audit Committee;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- challenging assumptions made by the Directors in their significant accounting estimates, in particular in relation to the valuation of unlisted investments (see related Key Audit Matter above);
- identifying and testing journal entries posted throughout the year and those posted at the year end during the preparation of the financial statements. This included, but was not limited to, testing journals with unusual account combinations and journals posted on unusual days; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 27 June 2019 to audit the financial statements for the year ended 31 March 2020 and subsequent financial periods. The period of total uninterrupted engagement is six years, covering the years ended 31 March 2020 to 31 March 2025.

Jeremy Jensen (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 May 2025

Income statement

For the year ended 31 March

	Notes	2025 Revenue £'000	2025 Capital £'000	2025 Total £'000	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000
Gains on investments	9	–	1,273,082	**1,273,082**	–	1,405,658	**1,405,658**
Currency gains		–	22,682	**22,682**	–	22,211	**22,211**
Income	2	32,906	–	**32,906**	40,046	–	**40,046**
Investment management fee	3	–	(37,022)	**(37,022)**	–	(35,580)	**(35,580)**
Other administrative expenses	4	(12,653)	–	**(12,653)**	(5,634)	–	**(5,634)**
Net return before finance costs and taxation		20,253	1,258,742	**1,278,995**	34,412	1,392,289	**1,426,701**
Finance costs of borrowings	5	–	(55,682)	**(55,682)**	–	(54,981)	**(54,981)**
Net return before taxation		20,253	1,203,060	**1,223,313**	34,412	1,337,308	**1,371,720**
Tax	6	(2,377)	(3,177)	**(5,554)**	(1,723)	(4,034)	**(5,757)**
Net return after taxation		**17,876**	**1,199,883**	**1,217,759**	**32,689**	**1,333,274**	**1,365,963**
Net return per ordinary share	7	**1.39p**	**93.18p**	**94.57p**	**2.33p**	**94.95p**	**97.28p**

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.

The accompanying notes on pages 86 to 109 are an integral part of the Financial Statements.

Balance sheet

As at 31 March

	Notes	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		13,665,731		14,118,531
Current assets					
Debtors	10	69,511		266,379	
Cash at bank and in hand	19	9,013		123,762	
		78,524		390,141	
Creditors					
Amounts falling due within one year:	11				
Bank loans		(441,592)		(213,735)	
Other creditors and accruals		(37,923)		(227,143)	
		(479,515)		(440,878)	
Net current liabilities			(400,991)		(50,737)
Total assets less current liabilities			13,264,740		14,067,794
Creditors					
Amounts falling due after more than one year:	12				
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)
Net assets			**12,082,465**		**12,629,814**
Capital and reserves					
Called up share capital	13		74,239		74,239
Share premium account	14		928,400		928,400
Capital redemption reserve	14		19,094		19,094
Capital reserve	14		11,057,697		11,591,680
Revenue reserve	14		3,035		16,401
Total shareholders' funds	15		**12,082,465**		**12,629,814**
Net asset value per ordinary share					
(after deducting borrowings at book)*	15		**1006.0p**		**911.3p**

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

Justin Dowley
Chair

The accompanying notes on pages 86 to 109 are an integral part of the Financial Statements.

* See Glossary of terms and Alternative Performance Measures on pages 119 to 121.

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	**12,629,814**
Net return after taxation	14	–	–	–	1,199,883	17,876	**1,217,759**
Ordinary shares bought back into treasury	13	–	–	–	(1,709,766)	–	**(1,709,766)**
Dividends paid during the year	8	–	–	–	(24,100)	(31,242)	**(55,342)**
Shareholders' funds at 31 March 2025		**74,239**	**928,400**	**19,094**	**11,057,697**	**3,035**	**12,082,465**

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	**11,498,000**
Net return after taxation	14	–	–	–	1,333,274	32,689	**1,365,963**
Ordinary shares bought back into treasury	13	–	–	–	(176,490)	–	**(176,490)**
Dividends paid during the year	8	–	–	–	–	(57,659)	**(57,659)**
Shareholders' funds at 31 March 2024		**74,239**	**928,400**	**19,094**	**11,591,680**	**16,401**	**12,629,814**

The accompanying notes on pages 86 to 109 are an integral part of the Financial Statements.

* 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
Cash flows from operating activities					
Net return before taxation		1,223,313		1,371,720	
Adjustments to reconcile company net return before tax to net cash flow from operating activities					
(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)	
Cash from operations			(25,717)		(7,197)
Interest paid			(56,746)		(55,193)
Net cash outflow from operating activities			(82,463)		(62,390)
Cash flows from investing activities					
Acquisitions of investments		(2,234,476)		(677,577)	
Disposals of investments		4,002,653		1,014,781	
Net cash inflow from investing activities			1,768,177		337,204
Cash flows from financing activities					
Equity dividends paid	8	(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	
Net cash outflow from financing activities			(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	16,19		123,762		184,945
Cash at bank and in hand at end of period*	16,19		**9,013**		**123,762**

The accompanying notes on pages 86 to 109 are an integral part of the Financial Statements.

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

Notes to the financial statements

1 Significant accounting policies

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.

(a) Basis of accounting

All of the Company's operations are of a continuing nature and the Financial Statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments, and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 will be retained. The Board has, in particular, considered the impact of heightened macroeconomic and geopolitical concerns, including trade wars, the ongoing Russia-Ukraine war, and the conflict in the Middle East. It has reviewed the results of specific leverage and liquidity stress testing and does not believe the Company's going concern status is affected. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis.

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 Company has continued to comply with the investment trust status requirements of Section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011.

It is the Directors' opinion, having assessed the principal and emerging risks and other matters set out in the Viability Statement on page 52, which assesses the prospects of the Company over a period of 10 years, that the Company will continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements.

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

In preparing these Financial Statements the Directors have considered the impact of climate change risk as a principal risk as set out on page 56, and have concluded that it does not have a material impact on the Company's investments. In line with FRS 102 investments are valued at fair value, which for the Company are unlisted investments predominantly utilising market-based valuation techniques and quoted bid prices for investments in active markets at the balance sheet date and therefore reflect market participants' view of climate change risk.

In order to reflect better the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the profit and loss account between items of a revenue and capital nature has been presented in the Income statement.

Although the portfolio is dominantly exposed to US dollars, the Directors consider the Company's functional currency to be sterling as the Company's share capital and dividends paid are denominated in sterling, the Company's shareholders are predominantly based in the UK, and the Company and its investment managers, who are subject to the UK's regulatory environment, are also UK based.

Financial assets and financial liabilities are recognised in the Company's Balance sheet when it becomes a party to the contractual provisions of the instrument.

The Company has only one material segment being that of an investment trust company investing in a portfolio of long term investments chosen on a global basis.

(b) Significant accounting estimates and judgements

The preparation of the Financial Statements requires the use of estimates and judgements. These estimates and judgements affect the reported amounts of assets and liabilities at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates. The key sources of estimation and uncertainty relate to the fair valuation of the unlisted investments.

Judgements

The Directors consider that the preparation of the Financial Statements involves the key judgements in the following areas:

(i) the determination of the functional currency of the Company as sterling (see rationale in 1(a) above); and

(ii) the fair valuation of the unlisted investments.

The key judgements in the fair valuation process are:

(i) the Managers' determination of the appropriate application of the International Private Equity and Venture Capital Guidelines 2022 ('IPEV') to each unlisted investment; and

(ii) the Directors' consideration of whether each fair value is appropriate following detailed review and challenge. The judgement applied in the selection of the methodology used (see 1(c) below) for determining the fair value of each unlisted investment can have a significant impact upon the valuation.

Estimates

The key estimate in the Financial Statements is the determination of the fair value of the unlisted investments by the Managers for consideration by the Directors. This estimate is key as it significantly impacts the valuation of the private company investments at the Balance sheet date. The significance of this estimate has decreased over the year with the decrease in the proportion of private company investments (see note 9). The fair valuation process involves estimation using subjective inputs that are unobservable (for which market data is unavailable). The main estimates involved in the selection of the valuation process inputs are:

(i) the selection of appropriate comparable companies in order to derive revenue multiples and meaningful relationships between enterprise value, revenue and earnings growth. Comparable companies are chosen on the basis of their business characteristics and growth patterns;

(ii) the selection of a revenue metric (either historical or forecast);

(iii) the application of an appropriate discount factor to reflect the reduced liquidity of private companies versus their listed peers;

(iv) the estimation of the probability assigned to an exit being through an initial public offering ('IPO') or a company sale;

(v) the selection of an appropriate industry benchmarks index to assist with the valuation validation or the application of valuation adjustments, particularly in the absence of established earnings or closely comparable peers; and

(vi) the calculation of valuation adjustments derived from milestone analysis (i.e. incorporating operational success against the plan/forecasts of the business into the valuation).

Fair value estimates are cross-checked to alternative estimation methods where possible to improve the robustness of the estimate. As the valuation outcomes may differ from the fair value estimates a price sensitivity analysis is provided in Other price risk sensitivity in note 19 on page 104 to illustrate the effect on the Financial Statements of an over or under estimation of fair values. The risk of an over or under estimation of fair values is greater when methodologies are applied using more subjective inputs.

The determination of fair value by the Managers involves key assumptions dependent upon the valuation technique used. As explained in 1(c) below, the primary technique applied under the IPEV Guidelines is the Multiples approach. The valuation process recognises also, as stated in the IPEV Guidelines, that the price of a recent investment may be an appropriate starting point for estimating fair value. The Multiples approach involves subjective inputs and therefore presents a greater risk of over or under estimation and particularly in the absence of a recent transaction.

The key assumptions for the Multiples approach are that the selection of comparable companies provides a reasonable basis for identifying relationships between enterprise value, revenue and growth to apply in the determination of fair value. Other assumptions include that (i) the discount applied for reduced liquidity versus listed peers, (ii) the probabilities assigned to an exit being through either an IPO or a company sale, and (iii) the application of milestone analysis and industry benchmark indices are a reasonable basis for applying appropriate adjustments to the valuations. Valuations are cross-checked for reasonableness to alternative multiples-based approaches or benchmark index movements as appropriate.

(c) Investments

Purchases and sales

Purchases and sales of investments are accounted for on a trade date basis. All investments are designated as valued at fair value through profit or loss upon initial recognition and are measured at subsequent reporting dates at fair value.

Listed investments

The fair value of listed security investments is bid value or, in the case of holdings on certain recognised overseas exchanges, at last traded prices.

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).

Significant holdings

The Company has a significant holding in the shares of the Global AI Opportunities Fund and in the limited partnership of the WI Harper Fund VII (see note 9 on page 94). The Company has taken advantage of the exemption from preparing consolidated Financial Statements available in FRS 102 for investments held as part of an investment portfolio with a view to subsequent resale.

Gains and Losses

Gains and losses on investments, including those arising from foreign currency exchange differences are recognised in the Income statement as capital items.

(d) Cash at bank and in hand

Cash at bank and in hand includes cash in hand and deposits repayable on demand. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if they have a maturity or period of notice of not more than one working day.

(e) Income

(i) Income from equity investments is brought into account on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established.

(ii) Interest from fixed interest securities is recognised on an effective interest rate basis. Where income returns are for a non-fixed amount, the impact of these returns on the effective interest rate is recognised once such returns are known. If there is reasonable doubt that a return will be received, its recognition is deferred until that doubt is removed.

(iii) Unfranked investment income includes the taxes deducted at source.

(iv) Interest receivable on deposits is recognised on an accruals basis.

(v) If scrip is taken in lieu of dividends in cash, the net amount of the cash dividend declared is credited to the revenue account. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital.

(vi) Special dividends are treated as repayments of capital or income depending on the facts of each particular case.

(f) Expenses

All expenses are accounted for on an accruals basis. Where expenses relate directly to the acquisition or disposal of an investment (transaction costs) they are recognised as capital within losses/gains on investments; and where they are connected with the maintenance or enhancement of the value of investments they are charged to capital reserve. Accordingly, the management fee is charged fully to capital as this reflects the primary source of returns to shareholders over the long term. All other expenses are charged through the revenue column of the Income statement.

(g) Long term borrowings and finance costs

Long term borrowings are carried in the Balance sheet at amortised cost, representing the cumulative amount of net proceeds after issue, plus accrued finance costs attributable to the stepped interest debentures. The finance costs of such borrowings have been allocated to the capital reserve at a constant rate on the carrying amount. The borrowings are invested with the aim of enhancing long term returns therefore the related costs are charged to capital. Issue costs are written off at a constant rate over the life of the borrowings. Gains and losses on the repurchase or early settlement of debt is wholly charged to capital.

(h) Taxation

Current tax is provided at the amounts expected to be paid or recovered. The tax effect of different items of income and expenditure is allocated between revenue and capital on the same basis as the particular item to which it relates, under the marginal method, using the Company's effective tax rate for the accounting period.

Deferred taxation is provided on an undiscounted basis on all timing differences which have originated but not reversed by the Balance sheet date, calculated at the tax rates expected to apply when the timing differences reverse, based on what has been enacted or substantially enacted, relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it is probable that there will be taxable profits from which underlying timing differences can be deducted.

(i) Foreign currencies

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Assets and liabilities in foreign currencies are translated at the closing rates of exchange at the Balance sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in capital reserve or revenue reserve as appropriate.

(j) Capital reserve

Gains and losses on disposal of investments, changes in fair value of investments held, exchange differences of a capital nature and the amount by which other assets and liabilities valued at fair value differ from their book cost are dealt with in this reserve. Purchases of the Company's own shares are also funded from this reserve. 100% of management fees and finance costs have been allocated to the capital reserve. The capital reserve, to the extent it constitutes realised profits, is distributable.

When making a distribution to shareholders, the Directors determine profits available for distribution by reference to 'Guidance on realised and distributable profits under the Companies Act 2006' issued by the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Scotland in April 2017. The availability of distributable reserves in the Company is dependent on those dividends meeting the definition of qualifying consideration within the guidance and on available cash resources of the company and other accessible sources of funds. The distributable reserves are therefore subject to any future restrictions or limitations at the time such distribution is made.

(k) Share premium account

The balance classified as share premium represents:

- the proceeds of sales of shares held in treasury in excess of the weighted average purchase price paid by the Company to repurchase the shares; and
- the excess of the proceeds of issuance of new shares over the nominal value.

2 Income

	2025 £'000	2024 £'000
Income from investments		
Overseas dividends*	28,423	28,452
Overseas interest	1,215	7,512
	29,638	**35,964**
Other income		
Deposit interest	3,268	4,082
Total income	**32,906**	**40,046**
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
	32,906	**40,046**

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

3 Investment management fee

	2025 Revenue £'000	2025 Capital £'000	2025 Total £'000	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000
Investment management fee	–	**37,022**	**37,022**	–	**35,580**	**35,580**

Details of the Investment Management Agreement are disclosed on page 59. The annual management fee is 0.30% on the first £4 billion of total assets less current liabilities (excluding short term borrowings for investment purposes) and 0.25% thereafter and is calculated quarterly.

The investment management fees for the years to 31 March 2025 and 31 March 2024 were charged 100% to capital.

4 Other administrative expenses

	2025 £'000	2024 £'000
General administrative expenses	798	931
Impairment provision†	8,775	–
Directors' fees (see Directors' remuneration report on page 70)	350	301
Custody fees	1,194	2,998
Marketing*	1,267	1,095
Registrar fees	102	100
Auditors' remuneration for audit services	163	205
Auditors' remuneration for non-audit services – certification of financial information for the debenture trustee	4	4
Other administrative expenses charged to revenue	**12,653**	**5,634**

* The Company is part of a marketing programme which includes all the investment trusts managed by the Manager. The marketing strategy has an ongoing objective to stimulate demand for the Company's shares. The cost of this marketing strategy is borne in partnership by the Company and the Manager. The Manager matches the Company's marketing contribution and provides the resource to manage and run the programme.

† The impairment provision relates to interest previously accrued from the Northvolt Convertible Note but no longer receivable following Northvolt's filing for bankruptcy in the year.

5 Finance costs of borrowings

	2025 Revenue £'000	2025 Capital £'000	2025 Total £'000	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000
Bank loans and overdrafts repayable within five years or less	–	23,012	**23,012**	–	22,461	**22,461**
Debentures repayable wholly or partly in five years or less	–	5,537	**5,537**	–	5,581	**5,581**
Debentures repayable wholly or partly in more than five years	–	30	**30**	–	30	**30**
Loan notes repayable in more than five years	–	27,103	**27,103**	–	26,909	**26,909**
	–	**55,682**	**55,682**	**–**	**54,981**	**54,981**

The finance costs for the years to 31 March 2025 and 31 March 2024 have been charged 100% to capital.

The weighted average cost of debt at 31 March 2025 was 3.1% (31 March 2024 - 3.2%)

6 Tax

	2025 Revenue £'000	2025 Capital £'000	2025 Total £'000	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000
Overseas taxation	2,377	–	**2,377**	1,963	–	**1,963**
Overseas tax refunded	–	–	**–**	(240)	–	**(240)**
Provision for deferred tax liability in respect of Indian capital gains tax	–	–	**–**	–	4,034	**4,034**
Indian capital gains tax	–	3,177	**–**	–	–	**–**
	2,377	**3,177**	**5,554**	**1,723**	**4,034**	**5,757**

	2025 £'000	2024 £'000
Net return before taxation	1,223,313	1,371,720
Net return before taxation multiplied by the standard rate of corporation tax in the UK of 25% (2024 – 25%)	305,828	342,930
Capital returns not taxable	(323,941)	(356,967)
Income not taxable (overseas dividends)	(7,106)	(7,113)
Current year management expenses and non-trade loan relationship deficit not utilised	25,219	21,150
Overseas withholding tax	2,377	1,963
Overseas withholding tax refunded	–	(240)
Revenue tax charge for the year	**2,377**	**1,723**
Provision for deferred tax liability in respect of Indian capital gains tax	–	4,034
Indian capital gains tax	3,177	–
Capital tax charge for the year	**3,177**	**4,034**
Total tax on ordinary activities	**5,554**	**5,757**

At 31 March 2025 the Company had surplus management expenses and losses on non-trading loan relationships of £590.8 million (2024 – £545.5 million) which have not been recognised as a deferred tax asset. This is because the Company is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing surplus expenses.

7 Net return per ordinary share

	2025 Revenue	2025 Capital	2025 Total	2024 Revenue	2024 Capital	2024 Total
Net return per ordinary share	**1.39p**	**93.18p**	**94.57p**	**2.33p**	**94.95p**	**97.28p**

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.

8 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
	4.24p	**4.10p**	**55,342**	**57,659**

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
Dividends paid and payable in respect of the year:				
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
	4.38p	**4.24p**	**53,556**	**59,056**

9 Investments held at fair value through profit or loss

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

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

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.

9 Investments held at fair value through profit or loss (continued)

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.

Fair value hierarchy

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

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

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

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

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

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).

	Listed securities * £'000	Private company securities † £'000	Private company bonds £'000	Total £'000
Cost of investments held at 1 April 2024	6,433,761	3,211,470	114,721	**9,759,952**
Fair value adjustment at 1 April 2024	3,936,391	446,754	(24,566)	**4,358,579**
Value of investments held at 1 April 2024	10,370,152	3,658,224	90,155	**14,118,531**
Movements in year:				
Purchases at cost	1,953,370	130,672	1,285	**2,085,327**
Sales – proceeds received	(3,798,364)	(12,845)	–	**(3,811,209)**
– gains/(losses) #	2,434,544	(5,875)	–	**2,428,669**
Changes in fair value	(1,327,090)	240,894	(69,391)	**(1,155,587)**
Change in categorisation	248,332	(245,155)	(3,177)	–
Fair value of investments held at 31 March 2025	**9,880,944**	**3,765,915**	**18,872**	**13,665,731**
Cost of investments held at 31 March 2025	7,271,642	3,078,268	112,829	**10,462,739**
Fair value adjustment at 31 March 2025	2,609,302	687,647	(93,957)	**3,202,992**
Fair value of investments held at 31 March 2025	**9,880,944**	**3,765,915**	**18,872**	**13,665,731**

* Includes funds.

† Includes holdings in preference shares, limited partnerships and ordinary shares.

Includes losses on investments written off in the period.

The purchases and sales proceeds figures above include transaction costs of £1,487,000 (2024 – £187,000) and £1,459,000 (2024 – £576,000) respectively.

	2025 £'000	2024 £'000
Net gains on investments designated at fair value through profit or loss on initial recognition		
Gains on sales #	2,428,669	359,702
Changes in investment holding gains /(losses)	(1,155,587)	1,045,956
	1,273,082	**1,405,658**

Includes losses on investments written off in the period.

9 Investments held at fair value through profit or loss (continued)

Significant holdings disclosure requirements – Companies Act 2006

Details of significant holdings are detailed below in accordance with the disclosure requirements of the Companies Act 2006 where the requirements are met in relation to investments which amount to 20% or more of the nominal value of any class of shares in an undertaking. As required, this disclosure includes the profit or loss and the capital reserves as reported within the most recently audited financial statements of the investee undertakings, where possible. The different share classes of the undertakings below are detailed in the List of Investments on pages 38 to 45.

As at 31 March 2025 Name	Business	Country of incorporation	Share class with significant holding	Proportion of shares held %	Latest Financial Statements	Capital and reserves ('000)	Profit/(loss) ('000)
Global AI Opportunities Fund	Artificial intelligence based algorithmic trading	Not applicable*	Class A†	89.6%	31/03/2024	£5,098	(£55)
WI Harper Fund VII	Venture capital fund	Not applicable*	Not applicable	80.1%	31/12/2024	US$3,589	(US$3,128)

As at 31 March 2024 Name	Business	Country of incorporation	Share class with significant holding	Proportion of shares held %	Latest Financial Statements	Capital and reserves ('000)	Profit/(loss) ('000)
Global AI Opportunities Fund	Artificial intelligence based algorithmic trading	Not applicable*	Class A†	89.6%	31/03/2023	£5,455	(£278)
WI Harper Fund VII	Venture capital fund	Not applicable*	Not applicable	80.0%	31/12/2023	US$6,717	(US$516)

* The registered address of the Global AI Opportunities Fund is: Level E Capital SICAV p.l.c., 171, Old Bakery Street, Valletta, VLT 1455, Malta. The address of the WI Harper Fund VII is: 50 California Street, Suite 2580, San Francisco, California 94111, U.S.A.

† Global AI Opportunities Fund information represents the holding in Class A. No other share classes are held by the Company.

9 Investments held at fair value through profit or loss (continued)

Significant holdings disclosure requirements – AIC SORP

Details are disclosed below in accordance with the requirements of paragraph 82 of the AIC Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (updated in July 2022) in relation to unlisted investments included within the Company's ten largest holdings disclosed on page 29. As required, this disclosure includes turnover, pre-tax profits and net assets attributable to investors as reported within the most recently audited financial statements of the investee companies, where possible.

As at 31 March 2025

Name	Latest Financial Statements	Proportion of capital owned %	Book cost £'000	Market value £'000	Income recognised from holding in the period £'000	Turnover ('000)	Pre-tax profit/(loss) ('000)	Net assets attributable to shareholders ('000)
Space Exploration Technologies	n/a	0.3	151,149	1,071,116	Nil	Information not publicly available		
ByteDance Ltd	n/a	0.2	169,683	565,982	Nil	Information not publicly available		

As at 31 March 2024

Name	Latest Financial Statements	Proportion of capital owned %	Book cost £'000	Market value £'000	Income recognised from holding in the period £'000	Turnover ('000)	Pre-tax profit/(loss) ('000)	Net assets attributable to shareholders ('000)
Space Exploration Technologies	n/a	0.3	151,149	573,837	Nil	Information not publicly available		
Northvolt AB	n/a	4.5	315,653	375,416	Nil	Information not publicly available		

* The holding percentage for the prior year has been restated.

10 Debtors

	2025 £'000	2024 £'000
Amounts falling due within one year:		
Accrued income	6,426	12,165
Sales for subsequent settlement	62,263	253,707
Other debtors and prepayments	822	507
	69,511	**266,379**

None of the above debtors is a financial asset designated at fair value through profit or loss. The carrying amount of debtors is a reasonable approximation of fair value.

11 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
	479,515	**440,878**

* 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 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.

12 Creditors – amounts falling due after more than one year

	Nominal rate %	Effective rate %	2025 £'000	2024 £'000
Debenture stocks:				
£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
Unsecured loan notes:				
£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
Long term bank loans:				
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
			1,182,275	**1,437,980**

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 11.

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.

13 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
Total	**1,484,780,880**	**74,239**	**1,484,780,880**	**74,239**

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).

14 Capital and reserves

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total shareholders' funds £'000
At 1 April 2024	74,239	928,400	19,094	11,591,680	16,401	**12,629,814**
Gains on sales	–	–	–	2,428,669	–	**2,428,669**
Changes in investment holding gains and losses	–	–	–	(1,155,587)	–	**(1,155,587)**
Exchange differences	–	–	–	2,485	–	**2,485**
Exchange differences on loans	–	–	–	20,197	–	**20,197**
Shares bought back into treasury	–	–	–	(1,709,766)	–	**(1,709,766)**
Investment management fee charged to capital	–	–	–	(37,022)	–	**(37,022)**
Finance costs of borrowings charged to capital	–	–	–	(55,682)	–	**(55,682)**
Tax charged to capital	–	–	–	(3,177)	–	**(3,177)**
Dividends paid in year	–	–	–	(24,100)	(31,242)	**(55,342)**
Revenue return after taxation	–	–	–	–	17,876	**17,876**
At 31 March 2025	**74,239**	**928,400**	**19,094**	**11,057,697**	**3,035**	**12,082,465**

The capital reserve includes investment holding gains of £3,202,992,000 (2024 – gains of £4,358,579,000) as disclosed in note 9. The Revenue Reserve and the Capital Reserve (to the extent it constitutes realised profits) are distributable.

15 Shareholders' funds

	2025 £'000	2024 £'000
Total shareholders' funds are attributable as follows:		
Equity shares	**12,082,465**	**12,629,814**

Total shareholders' funds have been calculated in accordance with the provisions of FRS 102.

	2025	2024
Shareholders' funds attributable to ordinary shares (as above)	£12,082,465,000	£12,629,814,000
Number of ordinary shares in issue at the year end*	1,201,051,727	1,385,868,493
Shareholders' funds per ordinary share	**1,006.0p**	**911.3p**

* Excluding shares held in treasury.

16 Analysis of change in net debt

	At 1 April 2024 £'000	Cash flows £'000	Other non-cash changes £'000	Exchange movement £'000	At 31 March 2025 £'000
Cash at bank and in hand	123,762	(114,749)	–	–	9,013
Loans due within one year	(213,735)	–	(237,468)	9,611	(441,592)
Loans due in two to five years	(379,937)	–	237,447	3,036	(139,454)
Debenture stock due in over one year	(51,793)	–	465	–	(51,328)
Loan notes due in over five years	(998,991)	–	(52)	7,550	(991,493)
	(1,520,694)	**(114,749)**	**392**	**20,197**	**(1,614,854)**

17 Related parties and transaction with the managers

The Directors' fees for the year and Directors' interests are detailed in the Directors' remuneration report on pages 70 to 72.

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 pages 59 and 89 respectively.

18 Contingencies, guarantees and financial commitments

At the year end the Company had capital commitments amounting to US$16,500,000 (2024 – US$10,720,000) in respect of subscription agreements.

Subscription agreement capital commitments

As at 31 March 2025	Expiry	Total commitment	Drawn down as at 31 March 2025	Remaining commitment at 31 March 2025
Sinovation Fund III, L.P.	31 December 2026	US$10.00 million	US$9.43 million	US$0.57 million
WI Harper Fund VIII, L.P.	31 July 2025	US$10.00 million	US$9.79 million	US$0.21 million
ARCH Venture Fund X, L.P.	3 December 2029	US$5.00 million	US$5.00 million	US$0.00 million
ARCH Venture Fund X Overage, L.P.	4 December 2029	US$5.00 million	US$4.90 million	US$0.10 million
ARCH Venture Fund XI, L.P.	27 January 2032	US$10.00 million	US$7.55 million	US$2.45 million
Antler East Africa Fund I L.P.	15 October 2034	US$3.00 million	US$1.33 million	US$1.67 million
ARCH Venture Fund XII, L.P.	4 April 2033	US$10.00 million	US$6.15 million	US$3.85 million
ARCH Venture Fund XIII, L.P.	19 April 2034	US$10.00 million	US$2.35 million	US$7.65 million

As at 31 March 2024	Expiry	Total commitment	Drawn down as at 31 March 2024	Remaining commitment at 31 March 2024
Sinovation Fund III, L.P.	31 December 2025	US$10.00 million	US$9.43 million	US$0.57 million
WI Harper Fund VIII, L.P.	31 July 2024	US$10.00 million	US$9.79 million	US$0.21 million
ARCH Venture Fund X, L.P.	3 December 2028	US$5.00 million	US$4.68 million	US$0.32 million
ARCH Venture Fund X Overage, L.P.	4 December 2028	US$5.00 million	US$4.90 million	US$0.10 million
ARCH Venture Fund XI, L.P.	27 January 2031	US$10.00 million	US$7.25 million	US$2.75 million
Antler East Africa Fund I L.P.	15 October 2033	US$3.00 million	US$1.13 million	US$1.87 million
ARCH Venture Fund XII, L.P.	4 April 2032	US$10.00 million	US$5.10 million	US$4.90 million

19 Financial instruments

As an investment trust, the Company invests in listed and private company securities and makes other investments so as to achieve its investment objective to maximise total return from a portfolio of long term investments chosen on a global basis enabling it to provide capital and dividend growth. In pursuing its investment objective, the Company is exposed to various types of risk that are associated with the financial instruments and markets in which it invests.

These risks are categorised here as market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Board monitors closely the Company's exposures to these risks but does so in order to reduce the likelihood of a permanent loss of capital rather than to minimise the short term volatility. Risk provides the potential for both losses and gains and in assessing risk, the Board encourages the Managers to exploit the opportunities that risk affords. The risk management policies and procedures outlined in this note have not changed substantially from the previous accounting period.

Market risk

The fair value of future cash flows of a financial instrument or other investment held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. The Board reviews and agrees policies for managing these risks and the Company's Investment Managers both assess the exposure to market risk when making individual investment decisions and monitor the overall level of market risk across the investment portfolio on an ongoing basis. Details of the Company's investment portfolio are shown in note 9 and on pages 92 to 95.

19 Financial instruments (continued)

Currency risk

Certain of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and that in which it reports its results). Consequently, movements in exchange rates may affect the sterling value of those items.

The Investment Managers monitor the Company's exposure to foreign currencies and report to the Board on a regular basis. The Investment Managers assess the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. However, the country in which a company is listed is not necessarily where it earns its profits. The movement in exchange rates on earnings may have a more significant impact upon a company's valuation than a simple translation of the currency in which the company is quoted.

Foreign currency borrowings can limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

Exposure to currency risk through asset allocation, which is calculated by reference to the currency in which the asset or liability is quoted, is shown below.

As at 31 March 2025	Investments £'000	Cash at bank and in hand £'000	Loans, loan notes and debentures £'000	Other debtors and creditors £'000	Net exposure £'000
US dollar	10,615,898	7,527	(890,586)	1,572	**9,734,411**
Euro	1,305,211	544	(37,618)	182	**1,268,319**
Swedish krona	158,105	–	–	–	**158,105**
Hong Kong dollar	702,237	–	–	2,142	**704,379**
Indian rupee	–	–	–	–	**–**
Swiss franc	31,947	–	–	–	**31,947**
Taiwan dollar	475,447	–	–	–	**475,447**
Total exposure to currency risk	**13,288,845**	**8,071**	**(928,204)**	**3,896**	**12,372,608**
Sterling	376,886	942	(695,663)	27,692	**(290,143)**
	13,665,731	**9,013**	**(1,623,867)**	**31,588**	**12,082,465**

As at 31 March 2024	Investments £'000	Cash at bank and in hand £'000	Loans, loan notes and debentures £'000	Other debtors and creditors £'000	Net exposure £'000
US dollar	10,256,185	113,705	(909,938)	(481)	**9,459,471**
Euro	2,367,791	–	(38,429)	53,937	**2,383,299**
Swedish krona	499,074	–	–	8,775	**507,849**
Hong Kong dollar	444,970	–	–	54,493	**499,463**
Indian rupee	98,016	355	–	(7,259)	**91,112**
Swiss franc	39,675	–	–	–	**39,675**
Total exposure to currency risk	**13,705,711**	**114,060**	**(948,367)**	**109,465**	**12,980,869**
Sterling	412,820	9,702	(696,089)	(77,488)	**(351,055)**
	14,118,531	**123,762**	**(1,644,456)**	**31,977**	**12,629,814**

19 Financial instruments (continued)

Currency risk sensitivity

At 31 March 2025, if sterling had strengthened by 10% in relation to all currencies, with all other variables held constant, total net assets and total return on ordinary activities would have decreased by the amounts shown below. A 10% weakening of sterling against all currencies, with all other variables held constant, would have had an equal but opposite effect on the Financial Statement amounts. The analysis in 2024 was performed on the same basis.

	2025 £'000	2024 £'000
US dollar	973,440	945,947
Euro	126,832	238,330
Swedish krona	15,811	50,785
Hong Kong dollar	70,438	49,946
Indian rupee	–	9,111
Other overseas currencies	50,739	3,968
	1,237,260	**1,298,087**

Interest rate risk

Interest rate movements may affect directly:

- the fair value of the investments in fixed interest rate securities;
- the level of income receivable on cash deposits;
- the fair value of the Company's fixed-rate borrowings; and
- the interest payable on the Company's variable rate borrowings.

Interest rate movements may also impact upon the market value of the Company's investments outwith fixed income securities. The effect of interest rate movements upon the earnings of a company may have a significant impact upon the valuation of that company's equity (see sensitivity analysis under 'Other price risk' on page 104).

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and when entering borrowing agreements.

The Board reviews on a regular basis the amount of investments in cash and fixed income securities and the income receivable on cash deposits, floating rate notes and other similar investments.

The Company finances part of its activities through borrowings at approved levels. The amount of such borrowings and the approved levels are monitored and reviewed regularly by the Board. Movements in interest rates, to the extent that they affect the market value of the Company's fixed rate borrowings, may also affect the amount by which the Company's share price is at a discount or a premium to the net asset value at fair value.

The interest rate risk profile of the Company's financial assets and liabilities at 31 March is shown below:

Financial assets

	2025 Fair value £'000	2025 Weighted average interest rate	2025 Weighted average period until maturity *	2024 Fair value £'000	2024 Weighted average interest rate	2024 Weighted average period until maturity *
Cash and short term deposits:						
Other overseas currencies	8,071	1.60%	n/a	114,060	4.75%	n/a
Sterling	942	1.70%	n/a	9,702	4.50%	n/a

* Based on expected maturity date.

The cash deposits generally comprise call or short term money market deposits of less than one month which are repayable on demand. The benchmark rate which determines the interest payments received on cash balances is the Interbank market rate.

19 Financial instruments (continued)

Financial liabilities

The interest rate risk profile of the Company's bank loans, debentures and loan notes (at amortised cost) and the maturity profile of the undiscounted future cash flows in respect of the Company's contractual financial liabilities at 31 March are shown below.

Interest rate risk profile

The interest rate risk profile of the Company's financial liabilities at 31 March was:

	2025 £'000	2024 £'000
Floating rate – US$ denominated	209,180	213,735
Fixed rate – Sterling denominated	695,662	696,089
– US$ denominated	681,406	696,203
– Euro denominated	37,619	38,429
	1,623,867	**1,644,456**

The interest rates of the financial liabilities are disclosed in notes 11 and 12 on pages 96 and 97.

Maturity profile

The maturity profile of the Company's financial liabilities at 31 March was:

	2025 Within 1 year £'000	2025 Between 1 and 5 years £'000	2025 More than 5 years £'000	2024 Within 1 year £'000	2024 Between 1 and 5 years £'000	2024 More than 5 years £'000
Repayment of loans, debentures and loan notes	309,897	321,160	993,232	79,161	564,546	1,001,467 *
Accumulated interest on loans, debentures and loan notes to maturity date	53,206	625,055	479,192	56,616	143,753	510,479
	363,103	**946,215**	**1,472,424**	**135,777**	**708,299**	**1,511,946**

* Includes £675,000 irredeemable debenture stock.

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 detailed in note 11. The maturity table above reflects the termination dates of the revolving facilities.

Interest rate risk sensitivity

The effect of an increase or decrease of 100 basis points in bond yields as at 31 March 2025 on the fixed interest investments would have had no significant impact on the net assets or net return after taxation (2024 – nil). Interest rate movements may also impact upon the market value of the Company's investments outwith fixed income securities (see sensitivity analysis under 'Other price risk' below).

Other price risk

Changes in market prices other than those arising from interest rate risk or currency risk may also affect the value of the Company's net assets.

The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Managers. The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment positioning to ensure consistency with the Company's objectives and investment policies. The portfolio does not seek to reproduce the index, investments are selected based upon the merit of individual companies and therefore performance may well diverge from the short term fluctuations of the benchmark. The Board provides guidance to the Managers on the level of private company investments.

A full list of the Company's investments is given on pages 38 to 45. In addition, a geographical analysis of the portfolio, an analysis of the investment portfolio by broad industrial sector and a list of the 30 largest investments by their aggregate market value are contained in the Strategic report.

72.0% (2024 – 82.1%) of the Company's net assets are invested in quoted investments. A 10% increase in quoted companies equity valuations at 31 March 2025 would have increased net assets and net return after taxation by £1,037,015,000 (2024 – £1,037,015,000). A decrease of 10% would have had an equal but opposite effect. The analysis in 2024 was performed on the same basis and based on movements of 10%.

19 Financial instruments (continued)

Other price risk sensitivity

27.7% (2024 – 29.7%) of the Company's net assets are invested in private company investments. The fair valuation of the private company investments is influenced by the estimates, assumptions and judgements made in the fair valuation process (see 1(b) on page 86). A sensitivity analysis is provided below which recognises that the valuation methodologies employed involve subjectivity in their significant unobservable inputs and illustrates the sensitivity of the valuations to these inputs. The inputs have been flexed by +/-10% with the exception of the Recent Transaction Price valuation approach as it does not involve significant subjectivity. The table also provides the range of values for the key unobservable inputs.

As at 31 March 2025		Significant unobservable inputs*					
Valuation approach	Fair value of investments £'000	Key unobservable inputs	Other unobservable inputs†	Range	Weighted average range #	Sensitivity %	Sensitivity to changes in significant unobservable inputs
Market approach using comparable traded multiples	1,786,731	EV / LTM revenue multiple‡	a,b,c,d	0.6x – 8.7x	3.5x	10%	If EV/LTM multiples changed by +/- 10%, the fair value would change by £100,550,266 and £104,099,801.^^
		EV / NTM revenue multiple ¶	a,b,c,d	4.9x – 5.8x	5.0x	10%	If EV/NTM multiples changed by +/- 10%, the fair value would change by £7,044,506 and -£7,044,192.^^
		EV/Earnings multiple	a,b,c,d	13.7x	n/a	10%	If EV/Earnings multiples changed by +/-10%, the fair value would change by £4,844,925 and -£4,935,894.
		Illiquidity discount on transaction	e	-10.0%	-10%	10%	If the illiquidity discount is changed by +/- 10%, the fair value would change by £11,556,882 and -£11,711,983.
		Transaction implied premiums and discounts	g	(1.3%) – 24.4%	10%	10%	If a +/- 10% adjustment is applied to the calculated premiums and discounts, the fair value would change by £720,277 and - £716,418
Benchmark performance	422,100	Selection of comparable companies and relevant indices §	a,b,c,f	(27.3%) – 12.5%	(15%)	10%	If input comparable company performance changed by +/- 10%, the fair value would change by £28,156,556 and -£26,272,352.
Sum of the parts^	58,041	Selection of comparable companies and relevant indices §	a,b,c,f	n/a		10%	If the performance of the underlying investment and selected benchmark performance changed by +/- 10%, the fair value would change by £4,299,878 and £5,727,097.
Net Asset Value**	54,929	Performance of LP portfolio	a	n/a		10%	If the performance of the underlying investment changed by +/- 10%, the fair value would change +/- £5,492,584.
Price of expected transaction	–	Execution risk discount	h	n/a		n/a	n/a
Recent transaction price	1,755,063	n/a††	a,b	n/a		n/a	n/a

19 Financial instruments (continued)

Other price risk sensitivity (continued)

As at 31 March 2024		Significant unobservable inputs*					
Valuation approach	Fair value of investments £'000	Key unobservable inputs	Other unobservable inputs†	Range	Weighted average range #	Sensitivity %	Sensitivity to changes in significant unobservable inputs
Market approach using comparable traded multiples	1,201,728	EV / LTM revenue multiple‡	a,b,c,d	0.6x – 8.5x	3.8x	10%	If EV/LTM multiples changed by +/- 10%, the fair value would change by £89,860,615 and -£89,867,819.
		EV / NTM revenue multiple ¶	a,b,c,d	2.9x – 6.9x	5.1x	10%	If EV/NTM multiples changed by +/- 10%, the fair value would change by £2,228,025 and -£2,226,345.
		Illiquidity discount on transaction	e	-10.0%	-10%	10%	If the illiquidity discount is changed by +/- 10%, the fair value would change by £12,226,788 and -£12,222,390.
		Transaction implied premiums and discounts	g	(49%) – 59%	24%	10%	If a +/- 10% adjustment is applied to the calculated premiums and discounts, the fair value would change by £2,618,534 and – £2,627,207).
Benchmark performance	1,053,632	Selection of comparable companies and relevant indices §	a,b,c,f	(59.9%) – 52.4%	4.0%	10%	If input comparable company performance changed by +/- 10%, the fair value would change by £75,970,662 and -£77,940,124.
Sum of the parts^	73,158	Selection of comparable companies and relevant indices §	a,b,c,f	n/a		10%	If the performance of the underlying investment and selected benchmark performance changed by +/- 10%, the fair value would change by 4,475,228 and £4,468,499.
Net Asset Value**	68,536	Performance of LP portfolio	a	n/a		10%	If the performance of the underlying investment changed by +/- 10%, the fair value would change +/- £6,853,554.
Price of expected transaction	9,856	Execution risk discount	h	n/a		n/a	If the execution risk discount changed by +/- 10%, the fair value would change by +/- £1,478,327.
Recent transaction price	1,510,710	n/a††	a,b	n/a		n/a	n/a

† See explanation for other unobservable inputs on pages 106 and 107 (sections 'a' to 'f' as relevant).

\# Weighted average is calculated by reference to the fair value of holdings as at the respective year-end. This therefore gives a clearer indication of the typical multiple or adjustment being applied across the portfolio.

‡ Enterprise value divided by the last twelve months revenue.

¶ Enterprise value divided by the next twelve months forecast revenue.

19 Financial instruments (continued)

Other price risk sensitivity (continued)

§ See explanation for the selection of comparable companies on page 107, section 'c'.

^ A 'sum of the parts' valuation approach is used for holding company investments with several underlying businesses. Each individual business is valued using the most appropriate basis depending on the specific circumstances and the overall valuation is the summation of these separate valuations.

** LP ('Limited Partnership') investments are held at net asset values provided by the relevant LP fund administrators. These are adjusted by benchmark movements as appropriate.

†† Whilst a recent transaction price may be the most appropriate basis for a valuation, it will be corroborated by other techniques which factor in the unobservable inputs noted in the above table. However, the transaction price itself is observable.

^^ Flexing the revenue figures by the same sensitivity would result in the same change in both directions.

*Significant unobservable inputs

The variable inputs applicable to each broad category of valuation basis will vary dependent on the particular circumstances of each private company valuation. An explanation of each of the key variable inputs is provided below. The assumptions made in the production of the inputs are described in note 1(b) on page 86.

(a) Application of valuation basis

Each investment is assessed independently, and the valuation basis applied will vary depending on the circumstances of each investment. When an investment is pre-revenue, the focus of the valuation will be on assessing the recent transaction and the achievement of key milestones since investment. Adjustments may also be made depending on the performance of comparable benchmarks and companies. For those investments where a trading multiples approach can be taken, the methodology will factor in revenue, earnings or net assets as appropriate for the investment, and where a suitable correlation can be identified with the comparable companies then a regression analysis will be performed. Discounted cash flows will also be considered where appropriate forecasts are available.

(b) Probability estimation of liquidation events

The probability of a liquidation event such as a company sale, or alternatively the probability of the shares being treated as common stock, such as in the event of an initial public offering ('IPO'), is a key variable input in the Transaction-based and Multiples-based valuation techniques. The probability of a common stock equivalent ('CSE') outcome versus a company sale is typically estimated from the outset to be 50:50 as no one outcome is more likely than the other. If the company has indicated an intention to IPO, the probability is increased accordingly to 75% and if an IPO has become a certainty the probability is increased to 100%. Likewise, in a scenario where a company is pursuing a trade sale the weightings will be adjusted accordingly in favour of a sale scenario. The Company typically invests in higher ranking preference shares which carry more protection, and this can therefore influence the end valuation. Option pricing models are used to corroborate the valuations where there has been more notable company underperformance to ensure that the economic reality of the shares held by Scottish Mortgage remain appropriate.

19 Financial instruments (continued)

(c) Selection of comparable companies

The selection of comparable companies is assessed individually for each investment at the point of investment, and the relevance of the comparable companies is continually evaluated at each valuation. The key criteria used in selecting appropriate comparable companies are the industry sector in which they operate, the geography of the company's operations, the respective revenue and earnings growth rates and the operating margins. Typically, between 4 and 10 comparable companies will be selected for each investment, depending on how many relevant comparable companies are identified. The resultant revenue or earnings multiples or share price movements derived will vary depending on the companies selected and the industries they operate in.

(d) Estimated sustainable earnings

The selection of sustainable revenue or earnings will depend on whether the company is sustainably profitable or not, and where it is not then revenues will be used in the valuation. The valuation approach will typically assess companies based on the last twelve months of revenue or earnings, as they are the most recent available and therefore viewed as the most reliable. Where a company has reliably forecasted earnings previously or there is a change in circumstance at the business which will impact earnings going forward, then forward estimated revenue or earnings may be used instead.

(e) Application of illiquidity discount

The application of an illiquidity discount will be applied either through the calibration of a valuation against the most recent transaction, or by application of a specific discount. The discount applied where a calibration (see (g) below) is not appropriate is typically 10%, reflecting that the majority of the investments held are substantial companies with some secondary market activity.

(f) Selection of appropriate benchmarks

The selection of appropriate benchmarks is assessed individually for each investment. The industry and geography of each company are key inputs to the benchmark selection, with either one or two key indices or benchmarks being used for comparison where applicable.

(g) Transaction implied premium and discount

Where there is an implied company valuation available as a result of an external arm's length transaction, the ongoing valuation will be calibrated to this by deriving a company valuation with reference to the average multiple from a set of comparable companies and comparing this to a transaction implied valuation, and could result in an implied premium or discount compared to comparable companies at the point of transaction. This discount or premium will be considered in future valuations, and may be reduced due to factors such as period of time since the transaction and company performance. Where a calibrated approach is not appropriate, a discount for illiquidity will be applied as noted in (e) above.

(h) Execution risk

An execution risk discount is applied to all investments where an arm's-length transaction is due to take place, however, hasn't closed prior to the reporting period end. The discount typically applied is 10%, acknowledging that the finer details of the round may well still be negotiated which could impact the expected issue price. In valuing in line with an expected transaction the arm's-length nature of the deal has been assessed and legal documentation received.

19 Financial instruments (continued)

Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is not significant as 72.0% of the Company's total assets are investments in quoted securities that are believed to be readily realisable. The Board provides guidance to the Investment Managers as to the maximum exposure to any one holding and to the maximum aggregate exposure to substantial holdings.

The Company has the power to incur borrowings, which give it access to additional funding when required.

The maturity profile of the Company's financial liabilities is on page 103.

Credit risk

This is the risk that a failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

This risk is managed as follows:

- where the Managers make an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question;
- the Board regularly receives information from the Managers on the credit ratings of those bonds and other securities in which the Company has invested (if any);
- the Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Depositary has delegated the custody function to The Bank of New York Mellon (International) Limited. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Investment Manager monitors the Company's risk by reviewing the custodian's internal control reports and reporting its findings to the Board;
- investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Managers. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations at the same time as any transfer of cash or securities away from the Company is completed;
- transactions involving derivatives, and other arrangements wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of continuing interest, are subject to rigorous assessment by the Managers of the creditworthiness of that counterparty. In such circumstances the Company's aggregate exposure to each such counterparty is monitored regularly by the Board; and
- cash is held only at banks that are regularly reviewed by the Managers.

The Company owns a number of unquoted preference share securities. Some of these may have been classified as debt by the issuer. There are no material amounts past due in relation to these securities. As these instruments (alongside the ordinary share securities) have been recognised at fair value through profit and loss, the fair value takes into account credit, market and other price risk.

Credit risk exposure

The maximum exposure to direct credit risk at 31 March was:

	2025 £'000	2024 £'000
Fixed interest investments	18,872	90,155
Cash and short term deposits	9,013	123,762
Debtors	69,510	265,970
	97,395	**479,887**

None of the Company's financial assets are past due or impaired.

Fair value of financial assets and financial liabilities

The Directors are of the opinion that the financial assets and liabilities of the Company are stated at fair value in the Balance sheet with the exception of long term borrowing. Long term borrowings in relation to debentures are included in the Financial Statements at the amortised amount of net proceeds after issue, plus accrued finance costs in accordance with FRS 102. The fair value of bank loans is calculated with reference to bonds of comparable maturity and yield. A comparison with the fair value (closing offer value) is as follows:

19 Financial instruments (continued)

	2025 Par/nominal £'000	2025 Book £'000	2025 Fair £'000	2024 Par/nominal £'000	2024 Book £'000	2024 Fair £'000
6–12% stepped interest debenture stock 2026	50,000	50,653	503	50,000	51,118	56,517
4½% irredeemable debenture stock	675	675	54,218	675	675	558
Total debentures	**50,675**	**51,328**	**54,721**	**50,675**	**51,793**	**57,075**
£30 million 2.91% 2038	30,000	29,973	21,174	30,000	29,971	22,583
£150 million 2.30% 2040	150,000	149,852	95,221	150,000	149,842	101,188
£50 million 2.94% 2041	50,000	49,951	32,062	50,000	49,949	34,737
£45 million 3.05% 2042	45,000	44,922	28,762	45,000	44,918	31,270
£30 million 3.30% 2044	30,000	29,946	19,140	30,000	29,943	20,977
£20 million 3.65% 2044	20,000	19,974	13,507	20,000	19,973	14,803
€18 million 1.65% 2045	15,064	15,048	9,823	15,371	15,372	10,528
£30 million 3.12% 2047	30,000	29,944	17,595	30,000	29,942	19,598
£90 million 2.96% 2048	90,000	89,904	50,185	90,000	89,899	56,183
€27 million 1.77% 2050	22,596	22,571	14,016	23,055	23,057	15,357
£100m 10/08/2036 2.03%	100,000	99,938	67,083	100,000	99,932	70,603
£100m 10/08/2046 2.30%	100,000	99,930	50,034	100,000	99,927	55,696
US$175m 19/01/2052 2.99%	135,580	135,426	92,878	128,690	138,368	96,946
US$110m 19/01/2057 3.04%	85,222	85,123	56,489	80,890	86,973	59,168
US$115m 19/01/2062 3.09%	89,095	88,991	57,618	84,566	90,925	60,503
Total unsecured loan notes	**992,557**	**991,493**	**625,588**	**977,572**	**998,991**	**670,140**
Fixed rate bank loans	**371,888**	**371,866**	**361,503**	**348,593**	**379,937**	**352,682**
Floating rate loans		**209,180**	**209,180**		**213,735**	**213,735**
Total borrowings		**1,623,867**	**1,250,992**		**1,644,456**	**1,293,632**

All short term floating rate borrowings are stated at fair value, which is considered to be equal to their par value.

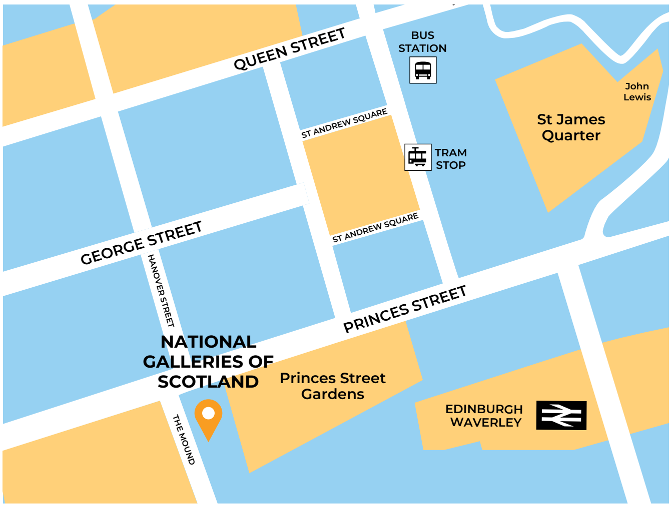
Deducting long term borrowings at fair value would have the effect of increasing the net asset value per share from 1006.0p to 1037.0p. Taking the market price of the ordinary shares at 31 March 2025 of 943.4p, this would have given a discount to net asset value of 9.0% as against a discount of 6.2% on a debt at book basis. At 31 March 2024 the effect would have been to increase the net asset value from 911.3p to 936.6p. Taking the market price of the ordinary shares at 31 March 2024 of 894.0p, this would have given a discount to net asset value of 4.5% as against a discount of 1.9% on a debt at book basis.

Deducting long term borrowings at par value would have no effect on the net asset value per share at 1006.0p. Taking the market price of the ordinary shares at 31 March 2025 of 943.4p, this would have given a discount to net asset value of 6.2%. At 31 March 2024 the effect would have been to increase the net asset value per share from 911.3p to 936.6p. Taking the market price of the ordinary shares at 31 March 2024 of 894.0p, this would have given a discount to net asset value of 1.9% as against the same discount of 1.9% on a debt at book basis.

Capital management

The capital of the Company is its share capital and reserves as set out in notes 13 and 14 together with its borrowings (see notes 11 and 12). The objective of the Company is to maximise total return from a portfolio of long term investments chosen on a global basis, enabling the Company to provide capital and dividend growth. The Company's investment policy is set out on page 46. In pursuit of the Company's objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern and details of the related risks and how they are managed are set out on pages 48 to 51 and on page 66. The Company has the authority to issue and buy back its shares (see page 46) and changes to the share capital during the year are set out in notes 13 and 14. The Company does not have any externally imposed capital requirements other than the covenants on its loans, loan notes and debentures which are detailed in notes 11 and 12.

Notice of Annual General Meeting



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

If you have any queries as to how to vote or how to attend the meeting, please call us on 0800 917 2113. Baillie Gifford may record your call.

To accurately reflect the views of shareholders of the Company, the Board intends to hold the AGM voting on a poll, rather than on a show of hands as has been customary. The Board encourages all shareholders to submit proxy voting forms as soon as possible and, in any event, by no later than 4.30pm on 1 July 2025. We would encourage shareholders to monitor the Company's website at **scottishmortgage.com**. Should shareholders have questions for the Board or the Managers or any queries as to how to vote, they are welcome as always to submit them by email to **enquiries@bailliegifford.com** or call 0800 917 2113. For details of how to vote your shares if held via a platform please refer to **theaic.co.uk/how-to-vote-your-shares**. Should you or, if appointed, your proxy, wish to watch the Annual General Meeting electronically please get in touch with the Managers at **enquiries@bailliegifford.com**, who will be able to provide you with details and instructions for doing so. Please note you will not be able to vote and you will not be counted as part of the quorum but you will have the opportunity to watch the Managers' presentation. You will also be able to submit questions in advance to the Board and Managers by email to **enquiries@bailliegifford.com** or call 0800 917 2113. Baillie Gifford may record your call.

Notice is hereby given that an Annual General Meeting of Scottish Mortgage Investment Trust PLC (the 'Company') will be held at the National Galleries of Scotland, Hawthornden Lecture Theatre, The Mound, Edinburgh, EH2 2EL, Thursday, 3 July 2025 at 4.30pm for the purposes of considering and, if thought fit, passing the following Resolutions, of which Resolutions 1 to 12 and 14 will be proposed as Ordinary Resolutions and Resolutions 13 and 15 will be proposed as Special Resolutions. Resolution 14 comprises the special business to be proposed and all the remaining Resolutions comprise the ordinary business:

1. To receive and adopt the Company's Annual Report and Financial Statements for the financial year ended 31 March 2025, together with the Reports of the Directors and the Independent Auditors' report thereon.
2. To approve the Directors' Annual Report on Remuneration for the financial year ended 31 March 2025.
3. To declare a final dividend of 2.78p per Ordinary Share.
4. To elect Mr CJL Samuel as a Director of the Company.
5. To re-elect Mr M FitzPatrick as a Director of the Company.
6. To re-elect Professor PH Maxwell as a Director of the Company.
7. To re-elect Ms S Flood as a Director of the Company.
8. To re-elect Mr V Kumaraswamy as a Director of the Company.
9. To re-elect Ms S Leung as a Director of the Company.
10. To re-appoint PricewaterhouseCoopers LLP as Independent Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
11. To authorise the Directors to determine the remuneration of the Independent Auditors of the Company.
12. That:

(a) the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the 'Act') to allot shares in the Company, or to grant rights to subscribe for or convert any security into shares in the Company, up to a maximum nominal amount of £5,882,033; and

(b) the authority given by this Resolution:

(i) shall be in substitution for all pre-existing authorities under section 551 of the Act; and

(ii) unless renewed, revoked or varied in accordance with the Act, shall expire on 3 October 2026 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2026 save that the Company may, before such expiry, make any offer or enter into an agreement which would or might require the allotment of shares in the Company, or the grant of rights to subscribe for or to convert any security into shares in the Company, after such expiry.

13. That, subject to the passing of Resolution 12 above, the Directors be given power pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of section 560(1) of the Act) for cash pursuant to the Allotment Authority, and to sell treasury shares for cash, as if section 561(1) of the Act did not apply to such allotment or sale, provided that such power:

(a) shall be limited to the allotment of equity securities or the sale of treasury shares up to an aggregate nominal amount of £5,882,033;

(b) shall be in substitution for all pre-existing powers under sections 570 and 573 of the Act; and

(c) shall expire at the same time as the Allotment Authority, save that the Company may, before expiry of the power conferred on the Directors by this Resolution, make an offer or agreement which would or might require equity securities to be allotted after such expiry.

14. That the Directors be authorised for the purposes of LR15.4.11 of the Listing Rules of the UK Listing Authority of the Financial Conduct Authority to allot ordinary shares and to sell treasury shares for cash at a price below the net asset value per share of those shares without first offering those shares pro rata to existing shareholders.

15. That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Company be generally and unconditionally authorised, in accordance with section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of its ordinary shares, (either for retention as treasury shares for future reissue, resale, transfer or for cancellation), provided that:

(a) the maximum number of ordinary shares hereby authorised to be purchased is 176,343,368 or, if less, the number representing approximately 14.99 per cent. of the issued share capital of the Company on the date on which this Resolution is passed;

(b) the minimum price (excluding expenses) which may be paid for each ordinary share shall be the nominal value of that share;

(c) the maximum price (excluding expenses) which may be paid for any ordinary share purchased pursuant to this authority shall not be more than the higher of:

(i) 5 per cent. above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and

(ii) the higher price of the last independent trade of an ordinary share and the highest current independent bid for such a share on the London Stock Exchange; and

(d) unless previously varied, revoked or renewed by the Company in general meeting, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2026, save that the Company may, prior to the expiry of such authority, enter into a contract or contracts to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract or contracts.

By order of the Board
Baillie Gifford & Co Limited
Company Secretaries
2 June 2025

General notes

1. As a member you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form. You may not use any electronic address provided either in this notice or any related documents (including the Financial Statements and proxy form) to communicate with the Company for any purpose other than those expressly stated.

2. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand at the Registrars of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or **eproxyappointment.com** no later than 2 days (excluding non-working days) before the time of the meeting or any adjourned meeting.

3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and/or by logging on to the website **euroclear.com/CREST**. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

4. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID 3RA50) no later than 2 days (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
5. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST service by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish.
8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 311 of the Companies Act 2006 the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company no later than 48 hours (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
9. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 and 2 above does not apply to Nominated Persons. The rights described in those Notes can only be exercised by shareholders of the Company.
11. The members of the Company may require the Company to publish on its website, (without payment) a statement (which is also passed to the Auditors) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditors' report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5 per cent. of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.
12. Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website at **scottishmortgage.com**.
13. Members have the right to have questions raised at the meeting in accordance with section 319A of the Companies Act 2006.
14. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
15. As at 19 May 2025 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 1,176,406,727 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 19 May were 1,176,406,727 votes.
16. Any person holding 3 per cent. or more of the total voting rights of the Company who appoints a person other than the Chair of the meeting as his/her proxy will need to ensure that both he/she and his/her proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
17. No Director has a contract of service with the Company.

Explanatory notes

Resolutions 5 to 9 – Directors standing for re-election

Mr M FitzPatrick, Professor PH Maxwell, Ms SE Flood, Mr V Kumaraswamy and Ms S Leung are seeking re-election at this year's AGM. The performance of each Director has been reviewed as part of the Board effectiveness review; it is confirmed that each Director contributes effectively and continues to demonstrate commitment to the role. Through its Nomination Committee, the Board has undertaken appropriate due diligence on the Directors' other interests and external time commitments and has concluded that the Directors are able to commit fully to their roles and are free from any relationship or circumstances that could affect their judgement and are accordingly considered independent by the Board.

The AIC Code of Corporate Governance does not impose any limit on the tenure of Directors (including the Chair) on the Board. The Company therefore remains fully compliant with the relevant provisions of the AIC Code in this respect. The Policy on the Tenure of the Chair is disclosed on page 63.

Resolution 4 – appointment of new Director – Christopher Samuel

The Board continued to review its succession planning during the year using the external search consultancy, Fletcher Jones, which had been appointed the previous year, to identify Non-Executive Directors candidates to maintain the broad range of experience that is particularly valuable when supporting and challenging the Managers. Fletcher Jones was appointed after a full and thorough selection process undertaken by the Board and was specifically tasked with considering the promotion of diversity on the Board as an integral part of the recruitment process, having regard to the skills, experience and knowledge of each of the existing and prospective Directors, and with particular regard to the Parker Review recommendations.
Mr Christopher Samuel was appointed to the Board with effect from 1 January 2025 and will become Chair following the conclusion of the Annual General Meeting. The Chair-elect, Mr CJL Samuel was considered independent on appointment. The Board believes that Mr Samuel's knowledge and experience will be of great benefit to the Company and is satisfied that, after reviewing his other commitments, he will be able to devote sufficient time to the Company. The Board's succession planning is ongoing and an announcement regarding the appointment of a further Non-Executive Director, and the appointment of Senior Independent Director in light of the retirement of Professor Maxwell in 2026, will be made in due course.

Biographical details, in support of each Director's re-election/election are provided below.

Christopher Samuel is an experienced Chair and non-executive director with financial services expertise. He was appointed to the Board in January 2025. Formerly the Chief Executive of Ignis Asset Management, Christopher also held board level executive positions at several asset management businesses including Gartmore, Hill Samuel Asset Management and Cambridge Place Investment Management. Prior to that he worked at Prudential-Bache and KPMG, where he qualified as a chartered accountant. Christopher is a non-executive director of Quilter plc, having previously been Chair of Quilter Financial Planning Limited. He was previously the Chair of BlackRock Throgmorton Trust plc, Chair of JP Morgan Japanese Investment Trust plc and a director of Alliance Trust, Sarasin, UIL and UIL Finance Limited.

Mark FitzPatrick was appointed to the Board in 2021 and became Chair of the Audit Committee in 2022. In December 2023, he was appointed Chief Executive Officer of St. James's Place, the UK's largest financial advice firm, tasked with setting its strategic direction and vision for growth. Previously, he was Group Chief Executive Officer of Prudential plc until February 2023, having served as Group Financial Officer and Chief Operating Officer from 2017 to 2022. At Prudential, he was a Board member, and chaired the Prudential Diversity & Inclusion Council and the Group ESG Committee. Mark was previously a Managing Partner at Deloitte, serving on its Executive Committee and Board, and was Vice Chairman between 2011 and 2015. He worked at Deloitte for 26 years, leading Deloitte's insurance and investment management audit practice and its insurance industry practice. Currently, he is also on the Board of the British Heart Foundation, chairing their Audit and Risk Committees.

Patrick Maxwell is the Regius Professor of Physic and head of the School of Clinical Medicine at Cambridge University. He was appointed a Director in 2016 and is senior independent director. Patrick has extensive knowledge and experience of the biotechnology sector and has made important research discoveries concerning how cells sense oxygen. He was elected a Fellow of the Academy of Medical Sciences in 2005. He is currently a member of the boards of Cambridge University Health Partners, Cambridge University Hospitals NHS Foundation Trust, Cambridge Enterprise and the International Biotechnology Trust.

Sharon Flood is a Non-Executive Director of Getlink SE, where she is Chair of Safety and Security, and Cityfibre, where she is Chair of Audit. She is also a Non-Executive Director at Go Ahead Group where she is Chair of Audit and Govia Thameslink Railway. Sharon was appointed to the Board in 2023. Sharon previously served as Chair of Seraphine Group PLC and S T Dupont SA, and as a non-executive director at Pets at Home PLC, Crest Nicholson PLC, and Network Rail Ltd and has chaired Audit, Remuneration and ESG committees. A Fellow of the Chartered Institute of Management Accountants, Sharon has also held leadership roles at Sun European Partners and the John Lewis Partnership. She is currently a Trustee of the University of Cambridge and formerly a Trustee of both the Science Museum Group and Shelter.

Vikram Kumaraswamy is the Head of Strategy and Corporate Development at Unilever. Vikram was appointed to the Board in 2023. He leads portfolio development and capital allocation for the Unilever group, with responsibility for strategy, M&A sourcing and execution, competitor intelligence and corporate venturing. A chartered accountant, Vikram was responsible for significant changes to Unilever's portfolio, positioning the company for superior long-term growth and involved in other strategic transformation initiatives. Vikram was previously CFO of PT Unilever Indonesia Tbk, based in Jakarta.

Stephanie Leung is the Co-founder and CEO of KareHero Group, a social mission driven enterprise that helps working adults balance their careers while caring for elderly relatives. She was appointed a Director in 2023. She has spent approximately 25 years in executive leadership roles in large enterprise and tech-led businesses across the globe, most notably as part of Uber's EMEA leadership team, overseeing operations across 20 countries, and as DEI Co-Chair and Head of EMEA for Women@Uber. She also formed part of Uber's NED team in the UK. Earlier in her career, Stephanie was Chief Projects Officer at Monitor Group and CEO of Greater China at HAVI Group, eventually becoming the youngest member to join the global board, overseeing 40 countries as Chief Strategy and Business Development Officer. Stephanie began her career at Goldman Sachs as a Financial Analyst.

Further shareholder information

How to invest

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker or by asking a professional adviser to do so. If you are interested in investing directly in Scottish Mortgage you can do so online. There are a number of companies offering real time online dealing services – find out more by visiting **scottishmortgage.com**.

Sources of further information on the company

The price of shares is quoted daily in the *Financial Times* and can also be found on the Scottish Mortgage pages of the Baillie Gifford website at **scottishmortgage.com**, Trustnet at **trustnet.co.uk** and on other financial websites. Company factsheets are also available on the Baillie Gifford website and are updated monthly. These are available from Baillie Gifford on request.

Scottish Mortgage share identifiers

ISIN GB00BLDYK618

Sedol BLDYK61

Ticker SMT

Legal Entity Identifier 213800G37DCS3Q9IJM38

The ordinary shares of the Company are listed on the London Stock Exchange and the price is shown in the *Financial Times*, *Daily Telegraph* and *The Scotsman* under 'Investment Companies'.

AIC

Scottish Mortgage was one of the founding members of The Association of Investment Companies in 1932. The AIC's website **theaic.co.uk** contains detailed information about investment trusts, such as factsheets and statistics on the investment trust industry.

Key dates

Ordinary shareholders normally receive two dividends in respect of each financial year. An interim dividend is paid at the end of November/early December and a final dividend is paid in early July. The Annual General Meeting is normally held in late June or early July.

Capital gains tax

For Capital Gains Tax indexation purposes, the market value (adjusted for the bonus issue of 4 for 1 and the stock split of 5 for 1) of an ordinary share in the Company as at 31 March 1982 was 6.12p.

Share register enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on **0370 707 1300**.

This helpline also offers an automated self-service functionality (available 24 hours a day, 7 days a week) which allows you to:

- hear the latest share price;
- confirm your current share holding balance;
- confirm your payment history; and
- order Change of Address, Dividend Bank Mandate and Stock Transfer forms.

By quoting the reference number on your share certificate you can check your holding on the Registrar's website at **investorcentre.co.uk**.

They also offer a free, secure share management website service which allows you to:

- view your share portfolio and see the latest market price of your shares;
- calculate the total market value of each shareholding;
- view price histories and trading graphs;
- register to receive communications from the Company, including the Annual Report and Financial Statements, in electronic format;
- update bank mandates and change address details;
- use online dealing services; and
- pay dividends directly into your overseas bank account in your chosen local currency.

To take advantage of this service, please log in at **investorcentre.co.uk** and enter your Shareholder Reference Number and Company Code (this information can be found on the last dividend voucher or your share certificate).

Dividend reinvestment plan

Computershare operates a Dividend Reinvestment Plan which can be used to buy additional shares instead of receiving your dividend via cheque or into your bank account. For further information log in to **investorcentre.co.uk** and follow the instructions or telephone **0370 707 1694**.

Electronic communications and proxy voting

If you hold stock in your own name you can choose to receive communications from the Company, and vote, in electronic format. This method reduces costs, is environmentally friendly and, for many, is convenient too. The paragraphs below explain how you can use these services.

- **Electronic Communications** If you would like to take advantage of this service, please visit our Registrar's website at **investorcentre.co.uk** and register. You will need your shareholder reference number (which is on your share certificate and tax voucher) to hand. If you then agree to the terms and conditions, in future, on the day that documents are sent to shareholders by post, you will receive an e-mail providing the website address link to the documents. After you register, paper documents will be available on request.
- **Electronic Proxy Voting** You can also return proxies electronically at **eproxyappointment.com**. If you have registered for electronic communications you will be issued a PIN number to use when returning proxies to the secure Registrar website. You do not need to register for electronic communications to use electronic proxy voting, paper proxy forms will contain a PIN number to allow you to return proxies electronically.

If you have any questions about this service please contact Computershare on **0370 707 1300**.

Scottish Mortgage is an investment trust. Investment trusts offer investors the following:

- participation in a diversified portfolio of shares;
- constant supervision by experienced, professional managers; and
- the Company is free from capital gains tax on capital profits realised within its portfolio although investors are still liable for capital gains tax on profits when selling their investment.

These Financial Statements have been approved by the Directors of Scottish Mortgage Investment Trust PLC.

Automatic exchange of information

In order to fulfil its obligations under UK tax legislation relating to the automatic exchange of information, Scottish Mortgage Investment Trust PLC is required to collect and report information about certain categories of shareholders.

The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. Accordingly, Scottish Mortgage Investment Trust PLC must provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Shareholders, excluding those whose shares are held in CREST, who come on to the share register will be sent a certification form for the purposes of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders **gov.uk/government/publications/exchange-of-information-account-holders**.

UK Alternative Investment Fund Managers (AIFM) regulations

In accordance with the UK AIFM Regulations, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Baillie Gifford & Co Limited, is required to be made available to investors.

In accordance with the Regulations, the AIFM remuneration policy is available at **bailliegifford.com** or on request (see contact details on the back cover) and the numerical remuneration disclosures in respect of the AIFM's relevant reporting period are available at **bailliegifford.com**.

Leverage

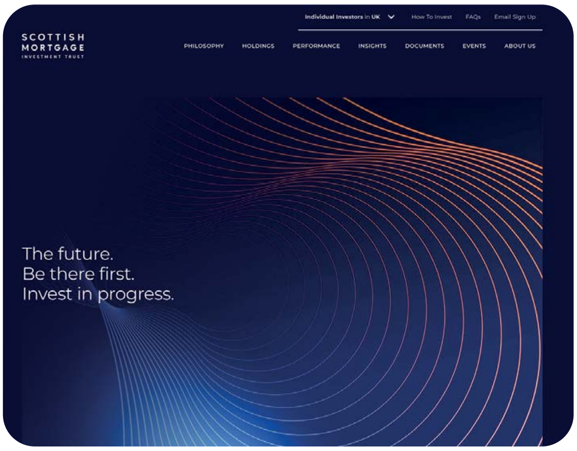
The Company's maximum and actual leverage levels (see Glossary of terms and alternative performance measures on pages 119 to 121) at 31 March 2025 are shown below:

	Gross method	Commitment method
Maximum limit	250:1	200:1
Actual	113:1	113:1

Investing in Scottish Mortgage

Information on how to invest in Scottish Mortgage can be found at **scottishmortgage.com**.

Communicating with Shareholders



A Scottish Mortgage web page at **scottishmortgage.com**

Trust Magazine

Promoting Scottish Mortgage

Baillie Gifford carries out extensive marketing activity to promote Scottish Mortgage to all existing and potential shareholders. Clear and timely communication with shareholders will always be a priority. Improvements continue to be made to our digital offering to provide greater levels of information and insights and allow for more self-service. In response to shareholder feedback, disclosures have been enhanced on the private companies held within the portfolio. The digital platform is scalable and better equipped to fulfil the needs of a growing number of shareholders based outside the UK.

Scottish Mortgage website

www.scottishmortgage.com

A one-stop-shop for all Scottish Mortgage-related content. The aim is to provide shareholders with the information they require at the point of need.

The website includes key information about the strategy, portfolio, performance, along with insights and upcoming events. In addition, webinar recordings are placed on the website so that shareholders can hear the views of the managers at a convenient time. As with all websites, it will evolve over time and shareholders should expect to see new insightful and creative content on an ongoing basis.

The website includes an email sign up so that visitors to the site can opt-in to keeping up to date on news from the trust.

Social media

Dedicated LinkedIn, Twitter and YouTube channels have been launched. The Company is thinking differently about its communications strategy. It uses bespoke content across different platforms to meet the needs of its shareholders as well as engaging with and learning more about persons interested in Scottish Mortgage.

Invest in progress – podcast

In each podcast episode, Tom Slater and Lawrence Burns speak to founders and leaders of portfolio companies. Listeners can learn more about the companies and how they possess the potential to deliver returns for shareholders. Two seasons are now available on all major platforms including Spotify, Castbox, and Apple Podcasts.

Trust magazine

Trust is the Baillie Gifford investment trust magazine which is published twice a year. It provides an insight to our investment approach by including interviews with our fund managers, as well as containing investment trust news, investment features and articles about the trusts managed by Baillie Gifford, including Scottish Mortgage. *Trust* plays an important role in helping to explain our products so that readers can really understand them.

You can subscribe to *Trust* magazine or view a digital copy at **bailliegifford.com/trust**.

Suggestions and questions

Any suggestions on how communications with shareholders can be improved are welcome. Please contact the Baillie Gifford Client Relations Team (see contact details below) and give them your suggestions. They will also be very happy to answer any questions that you may have about Scottish Mortgage.

Client relations team contact details

Telephone: 0800 917 2113
Your call may be recorded for training or monitoring purposes.

Email: enquiries@bailliegifford.com
Website: bailliegifford.com

Client Relations Team
Baillie Gifford & Co
Calton Square
1 Greenside Row
Edinburgh EH1 3AN

Scottish Mortgage specific queries

Please use the following contact details:
Website: scottishmortgage.com
Email: scottishmortgage@bailliegifford.com

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 inaccuracies, errors or omissions in the index data included in this document, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom.

No Provider has any obligation to update, modify or amend the data or to otherwise notify a recipient thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

Without limiting the foregoing, no Provider shall have any liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, judgements, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein.

FTSE Index data

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 in its Investment Objective & Policy. Baillie Gifford & Co can invest in any companies it believes could create beneficial long-term returns for investors. However, this might result in investments being made in companies that ultimately cause a negative outcome for the environment or society.

More detail on the Investment Managers' approach to sustainability can be found in the ESG Principles and Guidelines document, available publicly on the Baillie Gifford website **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.

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.

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 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 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
(Discount)/premium ((b) – (a)) ÷ (a)		**(6.2%)**	**(9.0%)**	**(1.9%)**	**(4.5%)**

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 on page 82 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
Ongoing charges ((a) ÷ (b) expressed as a percentage)		**0.31%**	**0.35%**

* 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
Gearing: (a) as a percentage of (b)		**13%**	**11%**

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
Gross gearing: (a) as a percentage of (b)		**13%**	**13%**

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
Total return	(c ÷ d)-1	**10.9%**	**11.2%**	**6.0%**	**12.1%**	**11.5%**	**32.5%**

* 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 on page 93.

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