Scottish Mortgage Inv Trust

Investing in significant global change

Investment companies
Global listed and private equities

19 June 2026

Scottish Mortgage Investment Trust (SMT) offers investors access to what managers Tom Slater and Lawrence Burns, at Baillie Gifford, consider to be the best growth opportunities in the world in both public and private markets. Academic research has shown that the majority of equity wealth creation is delivered by a very few exceptional growth companies; these outliers are sought by the managers. As SMT is a closed-end fund, Slater and Burns are able to take a very long-term view, sometimes holding companies through their private and public lifetimes in order to maximise returns. A long-term approach also affords protection against higher stock market volatility, which is partly due to increasing short-termism, with fundamental investors making up a declining percentage of trading volumes. SMT's strategy has proved successful over the long term, with an impressive 19.3% annualised NAV total return over the last decade versus 14.2% per year for the trust's All-World benchmark.

Price		**1,477.00p**
Market cap		**£16,386m**
Total assets		**£19,521m**
NAV		1,629.3p

[1]NAV at 17 June 2026.

Discount to NAV		9.3%
Current yield		0.3%
Shares in issue		1,109.4m
Code/ISIN		SMT/GB00BLDYK618
Primary exchange		LSE
AIC sector		Global
Financial year end		31 March
52-week high/low	1,545.0p	984.8p
NAV high/low	1,656.8p	1,119.2p
Net gearing		8.0%

[1]Net gearing at 31 May 2026.

Exhibit 1: Long-term NAV outperformance versus the benchmark

Source: LSEG Data & Analytics, Edison Investment Research

Fund objective

Scottish Mortgage Investment Trust, managed by Baillie Gifford, is a UK top 100-listed fund investing globally in innovative public and private companies. Founded in 1909, it focuses on long-term growth by backing transformative businesses across sectors and geographies.

Bull points

- Provides exposure to exciting long-term growth opportunities.
- Investment in both listed and private companies that are not widely available.
- Managers are part of a well-resourced, innovative investment team.

Bear points

- Performance can be negatively affected by style headwinds and investors' attitude to risk.
- Modest dividend yield.
- Gearing amplifies potential downside during periods of market weakness.

Why consider SMT?

Following hot on the heels of our April 2026 initiation report, SMT delivered very strong FY26 results, adding to its long-term outperformance record, which places its performance first of the nine funds in the AIC Global sector over the last one, three and 10 years. For the last decade, the trust's annualised NAV total return is more than 30pp higher than the sector average.

Given its dominant size, the trust has a very competitive ongoing charges ratio of 0.33%, which is around half the sector average and ensures more value creation accrues to SMT's shareholders.

The trust is differentiated by its large exposure to private companies; the recent successful IPO of its largest holding, Space Exploration Technologies (SpaceX), means that the private company weighting will undoubtedly be less than 39.4% of the portfolio reported at the end of May 2026. Prior to SpaceX listing, SMT had positions in seven of the 10 highest-value global private companies, illustrating that most of the trust's private company exposure is in substantial businesses generating significant revenues, rather than early-stage speculative firms. The SpaceX IPO could set the stage for more listings by other significantly sized private companies, including Anthropic, which is helping to define the next stage of AI. Anthropic is a relatively new position, having entered the portfolio in H126.

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SMT: Seeking out the best global growth opportunities

The trust's managers aim to identify, own and support the world's most exceptional growth companies. Their unconstrained approach provides a broad opportunity set across both public and private markets, while generating strong capital growth and limiting costs offers an interesting proposition for long-term investors, who can benefit greatly from compounding returns. Baillie Gifford is well known for its long-term horizon, remaining patient through good and less-favourable times, in pursuit of the very few companies capable of delivering the extreme returns that deliver most of the upside to global markets. Its managers engage with forward-thinking individuals outside financial markets, such as academics and scientists, to identify and understand the unique businesses that will become the drivers of global growth. Investments are made across different stages of a company's development, with Baillie Gifford acting as a partner rather than an investor to help maximise total returns.

FY26 results (ending 31 March)

Highlights of the trust's latest annual results include:

- Returns – SMT's NAV and share price total returns of 27.4% and 26.8% respectively were significantly ahead of the benchmark's 18.0% total return. The largest contributor was the trust's top holding, SpaceX, which has recently listed its shares (see below).
- Change in investment policy – following the end of FY26, the board received shareholder approval to grant the managers the ability to invest a further £250m in private companies once the 30% limit at the time of investment has been reached. It is important to note that the managers do not have discretion; it is a board decision. However, subject to annual shareholder approval, the policy change ensures that SMT does not forego attractive new and follow-on investment opportunities, while retaining robust guardrails and oversight.
- Ongoing charges – SMT's FY26 ongoing charges ratio of 0.33% remains very competitive, with just a 2bp increase versus FY25. There is no performance fee.
- Gearing – during FY26, there was a series of refinancing actions, with the trust retaining its robust financial position. The overall cost of debt is c 3.6% and the level of gearing came down during FY26, purely due to growth in the portfolio.
- Income and dividends – SMT's revenue earnings have returned to similar levels to those in 2024 as 2025 was negatively affected by the write-off of accrued interest income on the Northvolt convertible note. The trust's primary focus is capital growth, rather than income, as portfolio companies tend to reinvest for future growth rather than returning cash to shareholders. Despite this, SMT ranks 12th on the AIC's list of dividend heroes, with an announced 44 years of consecutive higher dividends. The FY26 distribution of 4.57p per share is 4.3% higher year-on-year.
- Discount management – despite significant share buybacks, SMT's discount widened during FY26, but this was an anomaly due to a sharp increase in the trust's NAV on 31 March 2026. Since then, SMT has regularly traded at a modest premium and has been issuing shares.

Recent developments

The SpaceX IPO

On 12 June 2026, SpaceX shares were listed on the Nasdaq stock exchange. Investor demand has been strong, as on the first day of dealing, the shares closed at a c 20% premium to their $135 per share offer price, and upward price momentum continued in subsequent trading sessions.

The portfolio

In the 12 months to 31 May 2026, the trust's allocation to private companies increased by 14.1pp to 39.4%, with the number of private company investments increasing by two to 53. The listed company weighting declined by 15.5pp, but the number of public companies rose by four to 48.

Exhibit 2: Portfolio summary

(% unless stated)	31 May 2026	31 May 2025	Change (pp)	Cos - end Apr 2026	Cos - end Apr 2025	Change
Public companies	59.0	74.5	(15.5)	48	44	4
Private companies	39.4	25.3	14.1	53	51	2
Net liquid assets	1.6	0.2	1.4			
Top 30 holdings	81.1	80.7	0.4			

Source: SMT, Edison Investment Research. Note: Numbers subject to rounding.

At the end of May 2026, SMT's top 10 positions made up 53.1% of the portfolio, which was a 9.6pp higher concentration compared with 43.5% at the end of May 2025. The 9.9pp increase in the trust's SpaceX exposure more than made up for the increase in top 10 concentration. Seven holdings were common to both periods.

Exhibit 3: Top 10 holdings at 31 May 2026

Company	Status	Country of origin	Industry	31-May-26	31-May-25
SpaceX	Private	US	Designs, manufactures and launches rockets and spacecraft	17.1	7.2
TSMC	Listed	Taiwan	Semiconductor manufacturing and design	6.9	3.8
NVIDIA	Listed	US	Design and manufacture of advanced semiconductors	5.7	N/A
ByteDance	Private	China	Social media	4.6	3.7
Amazon.com	Listed	US	Online retailer and cloud computing	3.9	5.1
Stripe	Private	US	Global payment processing platform	3.5	N/A
Mercado Libre	Listed	Uruguay	Latin American e-commerce platform (Brazil is the largest market)	3.3	6.6
ASML	Listed	Netherlands	Lithography solutions for advanced semiconductor equipment	2.8	2.8
Anthropic	Private	US	Next-generation AI model developer	2.7	N/A
Meta Platforms	Listed	US	Social media	2.6	4.7
Top 10 (% of holdings)				**53.1**	**43.5**

Source: SMT, Edison Investment Research. Note: N/A is not in end May 2025 top 10. Numbers subject to rounding.

With its recent IPO, it is worth considering why SpaceX is by far the largest portfolio holding. This company was the greatest positive performance contributor in FY26 by a wide margin. The managers note that it is unusual for SMT to have such a large single-company weighting, which can increase portfolio volatility. However, SpaceX brings exposure to multiple long-term growth themes, namely launch, global connectivity and AI infrastructure.

SpaceX dominates launch services and the Starlink network is extending its competitive lead, effectively making SpaceX a dual monopoly rather than an aerospace business, as the world's dominant launch provider and a global connectivity utility with the potential for software-like margins. Although less newsworthy than launch services, the Starlink satellite communication division drives SpaceX's valuation, with high-margin, predictable revenues and assets in orbit, which are difficult to replicate.

Other considerations include: the market is just beginning to price in the acquisition of Elon Musk's startup xAI; in 2025, Starlink added more than 4.6m new active customers, reaching a total 9.0m and expanding into 35 additional countries; the acquisition of EchoStar's wireless spectrum accelerated the move to allow standard smartphones to connect directly to Starlink satellites; and the US government has a growing dependence on SpaceX's infrastructure for national security.

The managers are very bullish on SpaceX's future potential, based on the convergence of the company's capabilities with the constraints of AI. Electricity demand to power AI is growing exponentially, while supply is constrained. Orbital solar panels are up to 10x more effective than those on the ground. Progress to date suggests the economics of orbital compute infrastructure are shifting from speculative to compelling, which positions SpaceX at a unique intersection of launch, energy and AI that the managers believe will not be replicated.

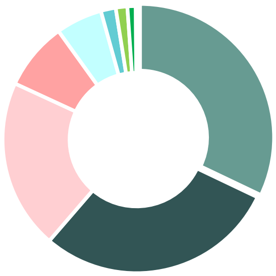
Exhibit 4: Geographic exposure

(% unless stated)	31 May 2026	31 May 2025	Change (pp)
North America	60.4	52.6	7.8
Asia	21.2	20.0	1.2
Europe	11.3	18.8	(7.5)
South America	4.4	7.3	(2.9)
UK	0.9	0.0	0.9
Africa & Middle East	0.2	1.2	(1.0)
Net liquid assets	1.6	0.2	1.4

Source: SMT, Edison Investment Research. Note: Numbers subject to rounding.

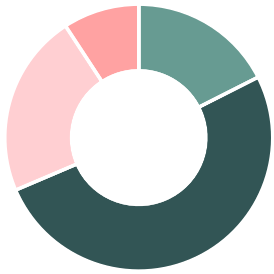
As shown in Exhibit 4, at the end of May 2026, North America made up the greatest share of the portfolio (60.4%), which was 7.8pp higher year-on-year. This was largely offset by a 7.5pp reduction in European exposure.

Exhibit 5: Sector exposure at end FY26



Source: SMT, Edison Investment Research

Exhibit 6: Portfolio holding periods at end FY26



Source: SMT, Edison Investment Research

Exhibit 5 shows SMT's sector exposure at the end of FY26; unsurprisingly the largest weighting is technology stocks, which could be considered the go-to sector for growth investors. The industrial sector covers a very broad range of subsectors from high growth through to cyclical businesses.

Slater and Burns' long-term approach is shown in Exhibit 6; at the end of FY26, more than two-thirds of the portfolio had been held for more than five years. Where the managers have high conviction about their differentiated view on a stock, the holding period is likely to be much longer than five years. Holding sizes are based on upside potential rather than market capitalisation.

Portfolio activity: Fewer transactions in H226 versus H126

We covered SMT's H126 transactions in our initiation report; portfolio activity was relatively high as the managers took advantage of market volatility. There were five new holdings (three listed and two private companies) and two complete disposals. Alongside these, there were five additions to existing holdings, 17 reductions in the size of portfolio companies and 10 investments in private company follow-on rounds.

In H226, there were a further three new holdings: **Loyal Animal Health** (private), which develops veterinary medicines for dogs; **MiniMax**, which was purchased at the IPO and is a Chinese AI foundation model business, illustrating that world-class AI capability is not the preserve of the major US technology companies; and **MongoDB**, which is a database software developer. There were also two additions to and seven reductions in existing holdings, and another two investments in private company follow-on rounds.

The managers' view: In early stages of global AI rollout

Slater and Burns believe that we are in the early stages of the global rollout of AI, and that this is the most important structural change to the global economy since the emergence of the internet. The capex plans of the major cloud platforms such as Microsoft, Amazon and Google are enormous, with the largest above $100bn a year, which has led to an increase in spending by Chinese competitors. While the growth in capex will eventually moderate, the managers believe the absolute level of investment will not diminish for several years. Portfolio companies benefiting from AI infrastructure rollout include TSMC, ASML and NVIDIA. Other companies that are major beneficiaries of integrating AI into their operations include Meta, Amazon and Shopify.

The managers note that the companies at the infrastructure layer of the AI transition have been largely unaffected by geopolitical turbulence, while other businesses that have been negatively affected by disruption to global trade (including PDD, whose Temu platform is highly dependent on inexpensive Chinese cross-border shipping – position was decreased), consumer confidence (Wayfair, an online retail business – position was sold) or weak Chinese demand (including luxury goods makers such as Hermès, which is deemed a very high-quality company – position was increased) have experienced multiple compression. The managers are unsurprised by the adjustments to world order given imbalances in the global economy have been building for many years. However, the adjustment has been brought forward by the actions of the Trump administration, including the imposition of tariffs, the war in Iran and shutting the Strait of Hormuz.

China was SMT's most difficult area in FY26 due to a lack of consumption growth, which saw well-capitalised businesses fighting for market share. Meituan's share price weakness was the result of Alibaba and JD.co competing with its core food delivery service with aggressive consumer subsidies, which led to a combined loss of over $14bn for the three companies in just two quarters. This behaviour is well known in China, where people work harder for diminishing returns; the focus on volume may create world-class companies but can destroy industry-wide profits. As examples, solar manufacturers are losing billions of dollars despite record shipments and BYD's average selling price is falling steadily despite new-launch technology upgrades.

Performance: Strong long-term record

SMT dominates the nine-strong AIC Global sector at around 2.5x the size of its largest peer and around 4.5x the sector average market cap. The trust's NAV total return currently ranks first over the last one, three and 10 years; however, over the last five years it is below the mean as SMT has faced growth-style headwinds and valuation compression in a rising interest rate environment, particularly in 2022. The trust is currently trading at an above-average discount. SMT has a very competitive ongoing charges ratio of 0.33%, which is the lowest in the sector and around half the sector average; no performance fee is payable. The trust currently has the fourth-highest level of gearing and the second-lowest dividend yield, which is unsurprising given the focus on capital growth rather than income.

Exhibit 7: AIC Global Sector at 18 June 2026*

% unless stated	Market cap (£m)	NAV TR 1Y	NAV TR 3Y	NAV TR 5Y	NAV TR 10Y	Discount	Ongoing charge	Performance fee	Net gearing	Dividend yield
Scottish Mortgage	16,385.9	46.3	100.0	24.6	557.0	(10.4)	0.3	No	106	0.3
Alliance Witan	5,015.1	12.2	37.7	44.8	203.4	(5.3)	0.5	No	106	2.2
AVI Global Trust	1,050.4	11.0	37.5	39.3	206.0	(7.2)	0.9	No	102	1.7
Bankers Inv Trust	1,413.4	29.4	52.5	53.9	223.5	(8.7)	0.5	No	105	1.8
Brunner Inv Trust	643.7	17.8	47.6	59.6	213.5	(10.0)	0.6	No	102	1.8
F&C Investment Trust	6,629.6	27.5	63.8	70.0	252.8	(6.9)	0.5	No	107	1.2
Lindsell Train Inv Trust	114.4	(27.8)	(28.3)	(41.9)	61.7	(16.9)	0.8	Yes	100	4.9
Mid Wynd International	208.9	2.0	10.9	9.2	152.3	(2.6)	0.6	No	100	1.1
Monks Inv Trust	2,557.2	22.0	51.1	22.8	256.8	(5.1)	0.4	No	107	0.0
Average (9 trusts)	**3,779.9**	**15.6**	**41.4**	**31.4**	**236.3**	**(8.1)**	**0.6**		**104**	**1.7**
SMT rank	**1**	**1**	**1**	**6**	**1**	**8**	**1**		**4**	**8**

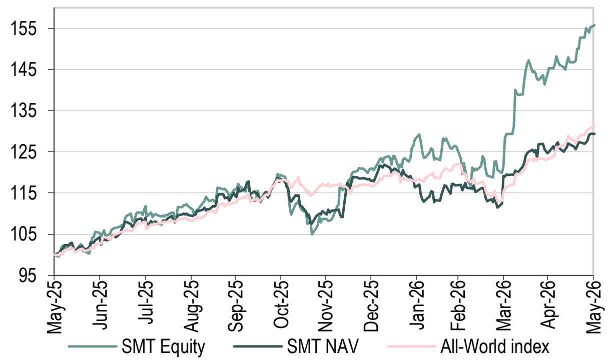
Source: Morningstar, Edison Investment Research. Note: *Performance at 17 June 2026. TR, total return.

Exhibit 8: Five-year discrete returns (%)

12 months ending	Share price	NAV	All-World index	World index	UK All-share index
31/05/22	(32.3)	(29.5)	5.6	7.2	8.3
31/05/23	(17.1)	(4.3)	3.1	3.9	0.4
31/05/24	32.7	16.7	20.6	21.4	15.4
31/05/25	12.7	16.7	7.9	7.8	9.4
31/05/26	55.2	29.4	30.8	32.8	21.6

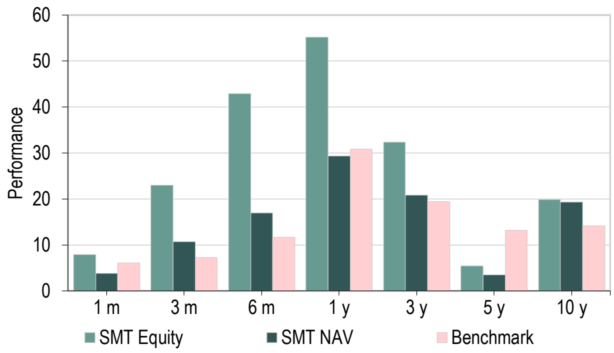
Source: LSEG Data & Analytics, Edison Investment Research. Note: All percentages are total return in pounds sterling.

Exhibit 9: Share price, NAV and benchmark total return performance, one-year rebased



Source: LSEG Data & Analytics, Edison Investment Research. Note: At 31 May 2026.

Exhibit 10: Share price, NAV and benchmark total return performance (%)



Source: LSEG Data & Analytics, Edison Investment Research. Note: Three-, five- and 10-year returns are annualised.

SMT's relative returns are shown in Exhibit 11. During the last year, its shares enjoyed a substantial re-rating, which explains the major difference between the performance of the trust's shares and its NAV over the 12 months to the end of May 2026. SMT's five-year results continue to be negatively affected by a particularly tough period of performance between late 2021 and mid-2022, when the company faced growth-style headwinds and valuation compression in a rising interest rate environment. The trust continues to have a very commendable long-term outperformance record.

Exhibit 11: Total return performance relative to indices (%)

	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Price relative to All-World index	1.8	14.7	28.0	18.7	36.3	(29.7)	62.7
NAV relative to All-World index	(2.1)	3.2	4.8	(1.1)	3.6	(35.9)	54.7
Price relative to World index	1.3	13.8	26.4	16.9	33.5	(32.8)	55.0
NAV relative to World index	(2.5)	2.4	3.5	(2.6)	1.4	(38.7)	47.4
Price relative to UK All-share index	6.7	26.8	31.3	27.6	51.1	(22.0)	161.4
NAV relative to UK All-share index	2.6	14.1	7.5	6.3	14.8	(28.9)	148.4

Source: LSEG Data & Analytics, Edison Investment Research. Note: Data at end May 2026. Geometric returns.

In FY26, SMT generated 27.4% and 26.8% NAV and share price total returns respectively, which was a notable outperformance versus the benchmark's 18.0% total return.

The largest positive contributors to the trust's results were: SpaceX – designs, manufactures and launches rockets and spacecraft (private, +14.9pp performance contribution and +178.6% absolute performance); TSMC – semiconductor manufacturing and design (listed, +3.6pp and +99.1%); and ASML – lithography (listed, +2.3pp and +94.2%).

On the other side of the ledger, the largest detractors were: Meituan Dianping – local services aggregator (held while private and now as a listed company, -1.8pp and -48.3%); Sea – consumer internet business (listed, 1.1pp and -37.9%); and The Brandtech Group – digital marketing (private, -1.0pp and -89.1%).

Discount: Return to a premium rating and share issuance

SMT's current 9.3% share price discount to cum-income NAV compares to the five-year range of an 8.2% premium to a 22.7% discount. The trust traded at average discounts of 7.1%, 10.4%, 9.0% and 4.0% over the last one, three, five and 10 years respectively. SMT's shares re-rated significantly, leading to meaningful share price outperformance versus NAV in 2026. Share issuance resumed in mid-April 2026, on days when the trust's shares are trading at a premium to NAV. We note the recent widening in the discount as SMT's share price has appreciated by less than its NAV.

Exhibit 12: Discount over the last five years (%)

Source: LSEG Data & Analytics, Edison Investment Research

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