Flash update: Edinburgh Worldwide

EWI shareholders must vote to prevent a complete change of strategy at their trust.

Update
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- **Saba has requisitioned a general meeting at Edinburgh Worldwide to vote on appointing their own directors to the board.**
- **Saba has not outlined the intentions of those directors, but there is speculation it wishes to run its own investment trust. Control of the board would give Saba the ability to hand itself the management contract. Saba claims the board members it proposes are independent.**
- **EWI's board noted in its response that it has separately been negotiating the terms of a merger with Baillie Gifford USA Growth, which Saba has indicated it will not support.**
- **Saba lost a vote last year on similar proposals by 63.8% to 36.2%, with 98.4% of the shares not held by Saba voting against the activist. Saba owns c. 30% of the shares, as of 27/11/2025, more than the c. 25% it voted last time, making it more important for shareholders to vote.**
- **Shareholder have to vote by 12 noon on 17/01/2026, but some platforms may have deadlines as early as 12/01/2026. The general meeting will be held on 20/01/2026.**

Kepler View

Saba give some specific criticisms of **Edinburgh Worldwide's (EWI)** board based around performance, but we don't think they are actually relevant or worth responding to in depth as they are clearly an afterthought and have been prepared with no care or attention. Their criticism on performance is based on a comparison to the FTSE All Share, which they describe as "the trust's own self-selected benchmark". The trust's own self-selected benchmark is the S&P Global Small Cap Index. EWI has delivered a NAV total return of 20.9% in 2025, well ahead of this benchmark's return of 10.7% (to 22/12/2025). EWI's shares have also outperformed, delivering a 12.5% total return, with the discount averaging a modest 5.8% over the year.

We suggest that Saba's approach to EWI has nothing to do with performance but is based purely on their intention to launch an investment trust or ETF which will roll up investment trusts on a discount, which is definitely not something its fellow shareholders wanted when they bought EWI shares. They have been offered two opportunities to exit their investment close to NAV, via a tender and via a proposed merger with Baillie Gifford USA Growth, which would include a cash exit option. Clearly they have other plans.

Were Saba to win control of the board, they would be handed carte blanche to do what they will with the £864m of total assets. In the absence of any information to the contrary, we have to assume the mandate would completely change from investing in global smaller companies to buying discounted investment trusts to wind them down, perhaps benchmarked to the MSCI Latin America Equal Weight Index.

In short, we view the approach as cynical, and by timing their approach around the Christmas holidays, just as they did last year, we suspect Saba is trying to shorten the amount of time the board has to respond and for shareholders to vote, making it as difficult as possible for them to do so, which is disappointing given their claim to be acting in the interests of all shareholders.

We think shareholders should vote against Saba's proposals, and access www.TrustEWIT.com for information on how to do so. Below we list the reasons to vote against:

- EWI has a distinctive portfolio of high-growth companies, predominantly small-cap, including both public and private businesses. We think these factors – small-cap, growth and private – are attractive at this juncture after a period in which they have all been out of favour. In particular, we think there is the potential for a recovery in smaller growth companies as the large-cap AI trade is petering out of steam, and we note that returns to small caps were particularly attractive after the bursting of the dotcom bubble in 2000. We acknowledge EWI has underperformed over five years while these factors have been working against it, but investors want to own things after they have underperformed and as a recovery is beginning, and we think EWI could be precisely there. Booking losses after a period of underperformance starts to turn is unlikely to be a winning long-term strategy.

- NAV returns have been good this year, reflecting a more favourable backdrop but also a number of changes to the approach made in conjunction with the current board in order to improve performance. The weight to pre-profit businesses has been brought down, the maximum market cap for new investments has been raised and the management team reshuffled.

- For investors who no longer want to remain invested in this, the board's proposals offer a 40% cash exit with the ability to reinvest that cash elsewhere.

- In contrast, Saba has not given any details on its proposals, with there being no suggestion of a cash exit if it wins. Indeed, it would seem to be self-defeating for them to offer this given such a high percentage of shareholders voted against their proposals one year ago. This means shareholders who vote for Saba or who fail to vote against are risking being trapped in a trust with a board who may wish to implement a completely different strategy.

- The discount is likely to materially widen if Saba win. Saba have often claimed that discounts are narrower because of their presence on a register, and if they were to sell then they would widen. In this case, they have a clear route to monetising the discount they bought on, while the 40% cash exit option being mooted by the board would also allow smaller shareholders to benefit.

- Finally, EWI offers one of the few ways investors can own SpaceX before it IPOs, which, it is reported, is being planned next year. EWI has just written up its valuation of the stock by 87% this month. Notably, EWI's shares haven't yet bounced on this news which we think might reflect the uncertainty around Saba's proposals and the possibility they will win. SpaceX is on track to be one of the largest ten companies in the world when it lists, with a huge addressable market in front of it. The proposed merged USA/EWI trust would have it as its largest holding and benefit from any post-listing gains.

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