



Results analysis: Edinburgh Investment Trust

EDIN’s dividend growth has once again outpaced inflation.

Update
22 May 2026

- Edinburgh Investment Trust (EDIN) released annual results for the year to 31/03/2026, reporting NAV and share price total returns of 7.2% and 8.5%, compared to the FTSE All-Share’s 21.5% return. Positive performance came from Anglo American, Tesco, GlaxoSmithKline and NatWest, alongside not holding a Diageo and Experian, which both struggled over the period.
- Relative underperformance, however, stemmed largely from the portfolio’s quality growth bias, a headwind as value and capital-intensive stocks led the market. EDIN is underweight banks, defence and mining, which rallied, and also suffered from a derating of several holdings perceived as AI losers, notably Rightmove, AutoTrader and Baltic Classifieds.
- Short-term underperformance has hit the trust’s previously strong five-year numbers. However, over the six years since the appointment of the Liontrust management team, EDIN remains ahead, delivering annualised NAV and share price total returns of 13.9% and 15.0%, respectively, compared to the index’s 13.6%.
- On income, EDIN delivered a strong year. The total dividend (assuming shareholder approval) will be 32.0p per share, representing an 11.1% increase from the prior year, comfortably outpacing UK inflation of 3.3%. The revenue return generated was 26.6p, up 6.3%, though not fully covering the dividend, with the shortfall funded from capital. The trust continues to benefit from strong revenue reserves which cover c. 1.1x the latest annual dividend paid, alongside much larger distributable capital reserves.
- The board is also tweaking the timing of EDIN’s dividends which, for the 2027 financial year and beyond, means shareholders will receive four equally-spaced dividends, closing the current four-month gap between the final dividend and the first dividend of a new financial year, a change the board believes will be more appealing to investors.
- Board chair, Elisabeth Stheeman, acknowledged the year as ‘disappointing relative to the Index’ and its drag on three and five-year returns, but pointed to the longer-term record as reassurance outpacing the index since the Liontrust management team’s appointment in 2020. Looking ahead, Elisabeth remains optimistic stating, “There is well-founded

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optimism that the Company’s diversified portfolio of stocks will drive attractive returns in the years ahead.”

Kepler View

Edinburgh Investment Trust’s (EDIN) full year results tell two distinct stories, and it’s worth separating them. The trust has two core objectives: to grow the dividend ahead of UK inflation, and to outpace the total return of the FTSE All-Share Index. On the first, it is delivering convincingly.

The full-year dividend of 32p per share, subject to shareholder approval, represents growth of 11.1%, comfortably outpacing UK inflation at 3.3%, with revenue earnings per share growing 6.3% to 26.6p. Whilst this does not fully cover the dividend, with the 5.4p gap funded from capital, the direction of travel is positive. Additionally, EDIN’s dividend is supported from healthy revenue reserves, covering c. 1.1x the last annual dividend, and a larger distributable capital reserve. At a current yield of 4.1%, a premium to both its peer group average and



the broader UK market, and with portfolio dividend growth expected to remain in the mid-to-high single digits, the income case is compelling, in our view. In an environment where interest rates remain elevated and the ‘risk off’ appeal of cash may increase, like we saw in 2022/23, which could once again weigh on sentiment for equity income trusts like EDIN. However, it’s worth remembering that cash offers no dividend growth and no capital upside, whereas EDIN does.

On the second objective, however, the trust has fallen short. A NAV total return of 7.2% against the FTSE All-Share’s 21.5% represents meaningful underperformance that has now also weighed on three and five-year figures. This stemmed largely from a few specific factors: a quality-growth bias in a year when value, banks and defence dominated, compounded by a sharp sentiment-driven derating of holdings the market labelled AI losers, with Rightmove, AutoTrader and Baltic Classifieds most visibly impacted. Manager Imran Sattar disputes that characterisation, arguing these dominant, cash-generative marketplace businesses have deep economic moats that AI is far more likely to enhance over the long-run, rather than disrupt. That may well prove correct, but for now they have weighed heavily on relative returns, though the trust remains ahead of the index on both a share price and NAV basis since Liontrust’s appointment in 2020.

During the reported period, Imran has not stood still, taking advantage of market volatility by adding to de-rated data and analytics names he believes are, in contrast to the market, longer-term AI winners like Softcat, LSEG and RELX. He’s also topped up existing, quality compounders experiencing cyclical weakness including Renishaw and Oxford Instruments whilst also initiating recovery plays in deeply depressed UK construction stocks such as Ibstock. The portfolio is nudging toward better style balance without abandoning its quality-growth roots, something we view as a considered evolution rather than a reactive one, and a reminder of how active management should respond as markets and opportunities shift.

Looking ahead, the backdrop remains challenging. Geopolitical tensions persist, complicating both inflation and interest rate outlooks, with rate cuts that looked likely now firmly off the table. For a trust with a quality-growth bias, higher-for-longer rates are a direct headwind, compressing valuations on longer-duration assets whilst simultaneously supporting the broader financials sector, where EDIN remains underweight. It’s also worth acknowledging that if value and capital-intensive sectors continue to lead, or AI sentiment toward capital-light businesses remains negative, the performance headwinds could persist. That said, at a discount of 8.2%, in line with its five-year average, investors are not being asked to pay a premium for that uncertainty. For those willing to take the longer view, a growing income stream ahead of inflation

paired with a repositioned portfolio of high-quality, cash-generative businesses that could pick up quickly if sentiment turns, makes a compelling case.

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