

# Smithson Investment Trust

2025 AGM



## Disclaimer – Important Notice



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Investment Trust

The value of investments may go up as well as down. Past performance is not a guide to future performance. Mention of specific companies in this presentation does not imply an investment recommendation.

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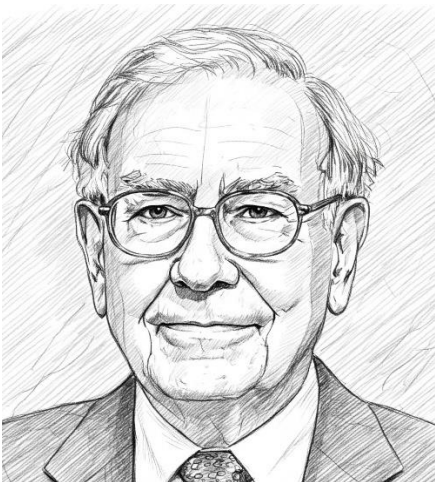




**“I like to put meaningful amounts of money in a few things”**

**“It may be that the elephants are not as attractive as the mosquitoes”**

**Warren. E. Buffett**





**1 Buy good companies**

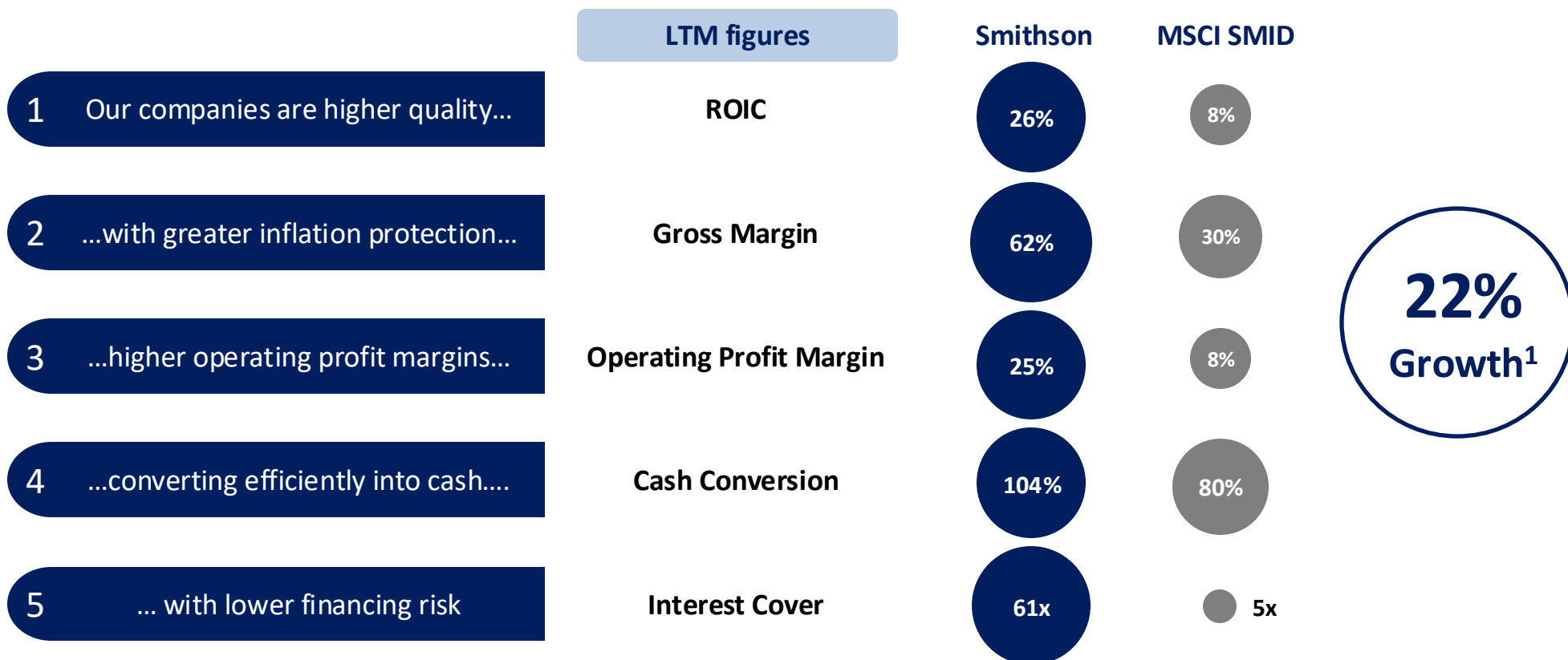
**2 Don't overpay**

**3 Do nothing**

## Smithson Portfolio Metrics



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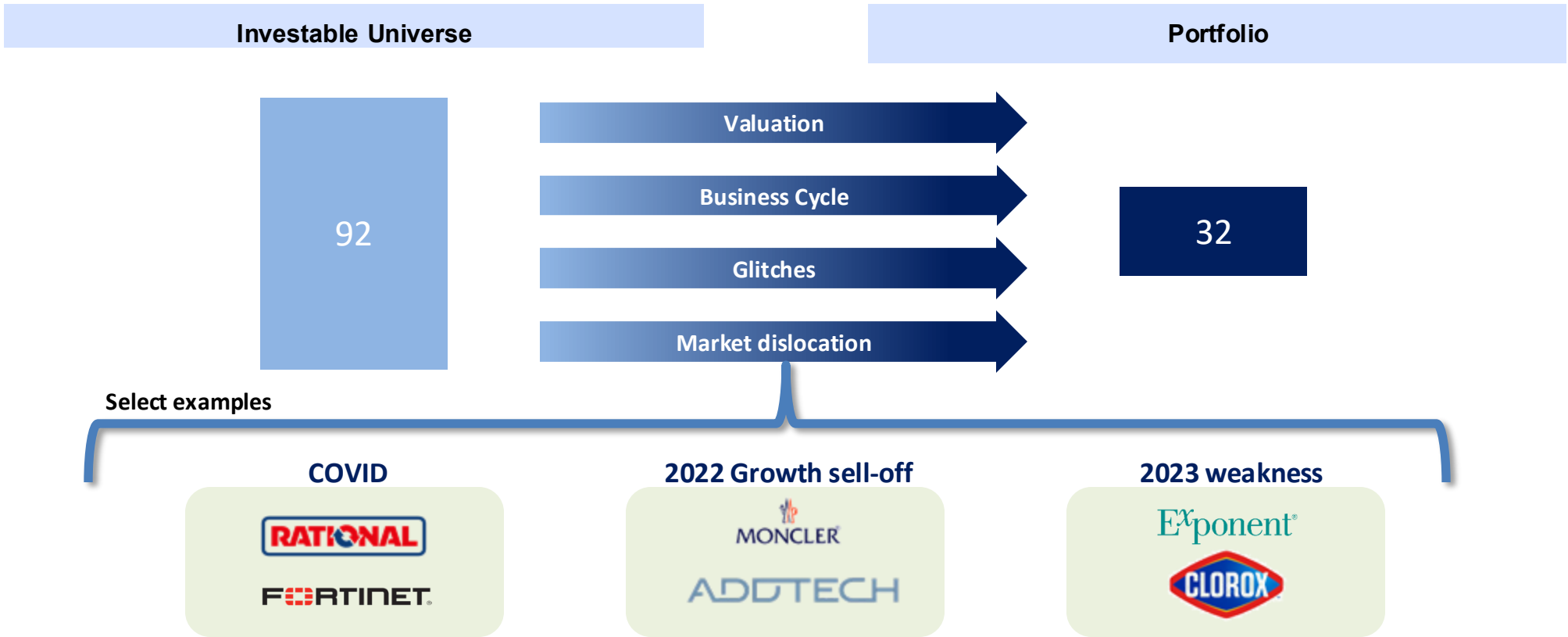
Data for the MSCI World SMID Cap Index is shown ex-financials, with weightings as at 31.12.24.

Data for MSCI World SMID Cap Index is on a weighted average basis, using last available reported financial year figures as at 31.12.24 Data for Smithson portfolio is on a weighted average basis, ex-cash, using last available reported financial year figures as at 31.12.24. Interest cover (EBIT ÷ net interest) data for Smithson and MSCI SMID is done on a median average basis.

# ROIC for Smithson excludes Verisign (-2065% ROIC due to negative invested capital after share buybacks).

<sup>1</sup>Free cash flow growth is based on trailing 12-month median average free cash flow growth, as at the most recent quarterly reporting available on 31.12.24

# How do we do it?

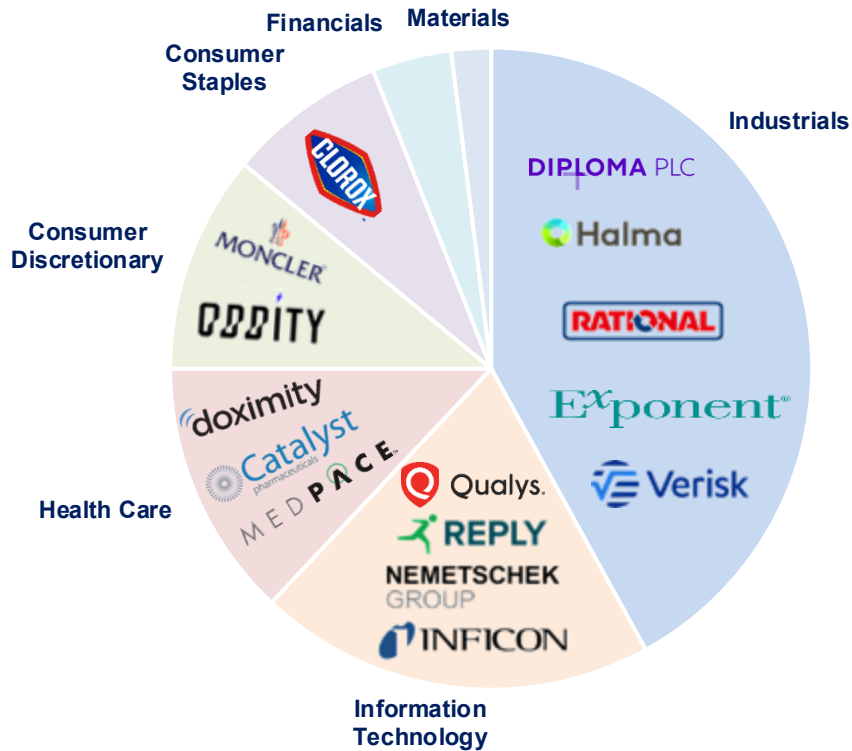


Current Investable Universe (IU) and portfolio data as at 31.12.24.

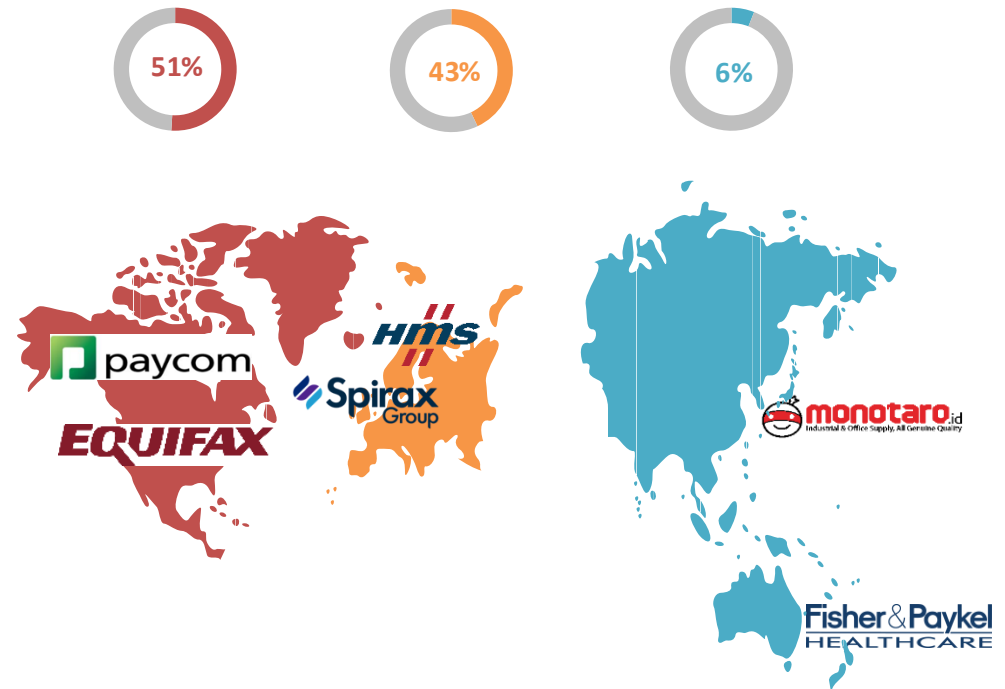
# Smithson Exposure



## Sector weightings



## Geographical split by listing



Smithson Portfolio exposure based on weighted position sizes. For sales exposure by region, percentage splits are shown ex-cash, based on most recently-available full year data and portfolio weights as at 31.12.24.

World map graphic sourced from PresentationGO.com



## Don't Overpay



We compare free cash flow yields now to what we think they will be in 4-5 years' time. We then select the best combination of current value and future growth, allowing for potential risks that the business may face.

We compare the stocks with:

- Each other
- The market
- Bonds

	Historical Neutral FCF Yield						
	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
Smithson Investment Trust	3.9%	3.2%	2.9%	2.0%	3.3%	2.4%	3.3%
MSCI World SMID Index (ex-financials)	4.2%	3.5%	3.2%	2.5%	3.5%	3.3%	3.7%

In 2024, the weighted average and median average free cash flow growth\* was 45% and 22% respectively.

Source: Fundsmith research, Bloomberg.

Neutral FCF yield is operating cash flow less maintenance capex.

For both Smithson and the MSCI World SMID Index, Neutral FCF yield is measured on a weighted average basis (note Smithson weights are grossed up to an ex-cash basis), based on the latest available full year data as at the stated date.

\*Free cash flow growth is based on trailing 12 month cash flow growth yoy, as at the most recent quarterly reporting date available on 31.12.24.

## Why now?

### MSCI World SMID Cap vs. MSCI World Large Cap

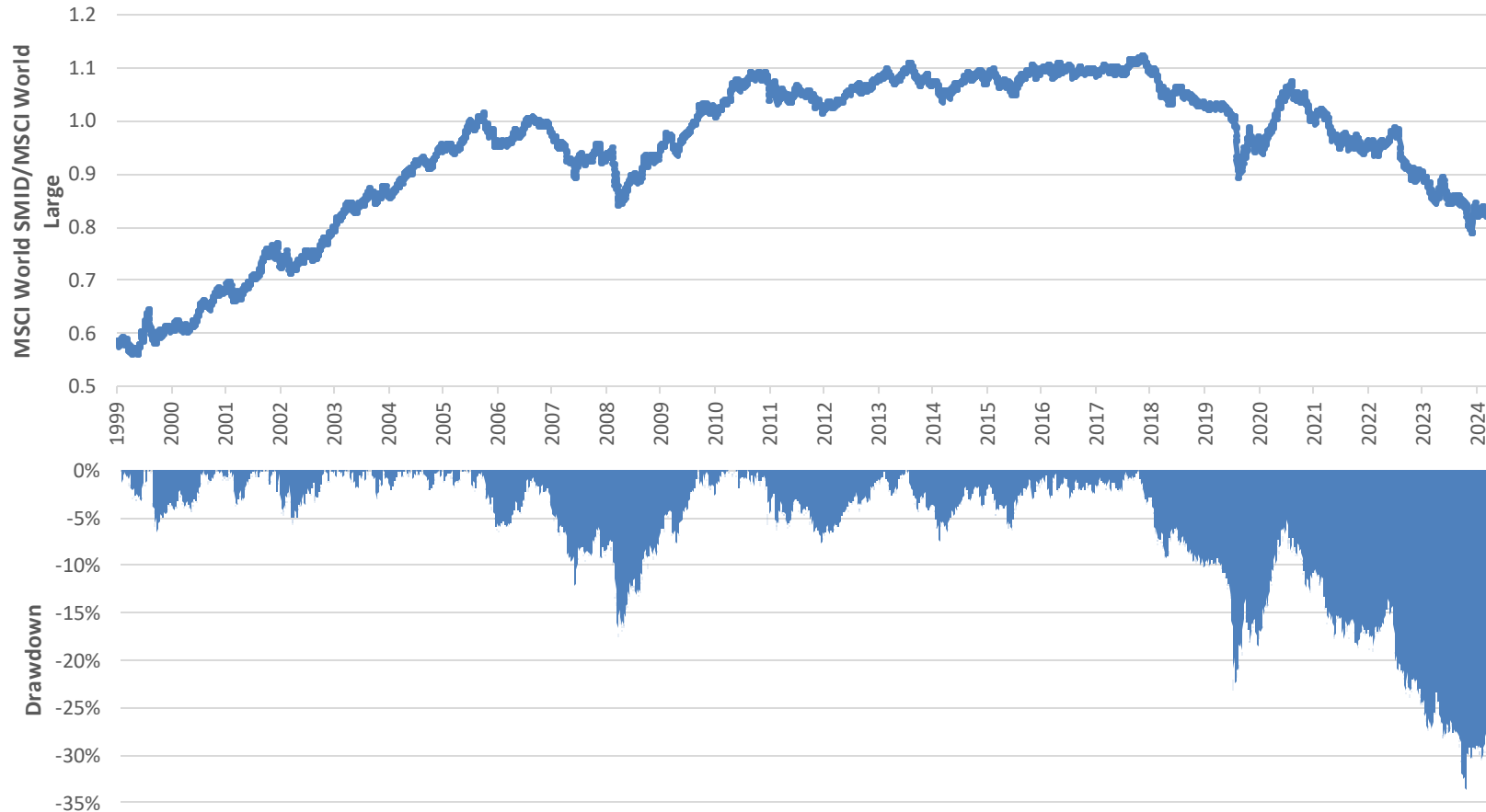
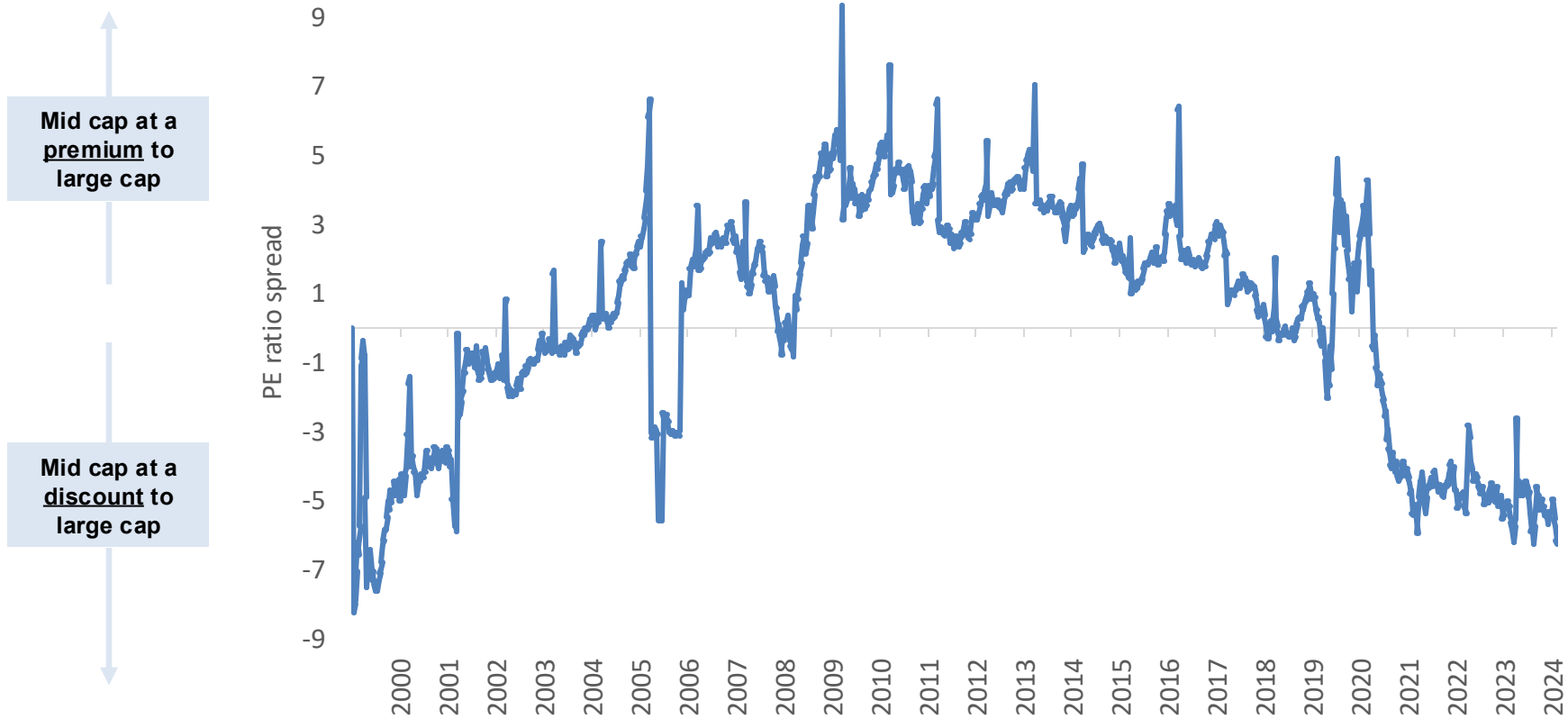


Chart shows the MSCI World SMID Cap net total return index in GBP as a ratio of the MSCI World Large Cap net total return index in GBP from 31.12.99. Percentage drawdown is thus not directly comparable to the difference in performance between the two indices in a certain period. From the last peak on 20.06.18, the MSCI World SMID in GBP (+55%) has underperformed the MSCI World Large Cap in GBP (+115%) by 60%.

Source: MSCI, Bloomberg, Fundsmith. Data to 31.12.24. Past performance is not a reliable guide to future performance.

# Valuation of S&P Mid Cap 400 vs. S&P 500



Source: Bloomberg, Fundsmith Research.

Chart shows the BEst P/E of S&P Mid Cap 400 Index minus the BEst P/E of the S&P 500 from 31.12.99 to 27.12.24.

## Do Nothing



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### What we say:

- Ideal holding period is forever
- Voluntarily exit a position only if:
  - Management makes bad capital allocation decisions
  - Fundamental reappraisal of the investment case
  - Valuation becomes too expensive
  - Superior investment opportunity identified
- Some portfolio turnover will be involuntary, e.g. in the event of a takeover

### What we did:

	2021	2022	2023	2024	Q1 2025
<b>New Companies Bought</b>	Rollins Wingstop	Moncler Addtech IDEX	Graco Exponent Oddity Croda Clorox	HMS Choice Inficon Reply Melexis MonotaRO Medpace	Doximity Catalyst Pharmaceuti- cals
<b>Companies Sold</b>	Abcam CHR Hansen	AO Smith Wingstop Ansys	Domino's (UK) Masimo SimCorp Rightmove	IPG Photonics Domino's (AU) Temenos TechnologyOne Fortinet	Addtech Fevertree IDEX
<b>Voluntary Turnover</b>	10%	48%	27%	36%	-
<b>OCF<sup>1</sup></b>	0.96%	0.90%	0.90%	0.90%	-
<b>Dealing costs<sup>1</sup></b>	0.02%	0.03%	0.03%	0.03%	-
<b>New shares issued</b>	30.3 million	5.4 million	-	-	-
<b>Proceeds from new issuance (net of costs)</b>	£534 million	£93 million	-	-	-
<b>Average premium to NAV</b>	2.0%	1.2%	-	-	-
<b>Shares bought back</b>	-	5.7 million	11.7 million	29.2 million	6.8 million
<b>Spend on buybacks</b>	-	£74 million	£159 million	£412 million	£103 million
<b>Average discount to NAV</b>	-	8.7%	10.7%	11.4%	11.3%

<sup>1</sup> Voluntary dealing costs (excluding new share issuance/buybacks)

# Performance



## Performance Overview, % Return

	Q1 2025	2024	2023	2022	2021	2020	2019	2018*	Inception* to 31.03.25	Annualised to 31.03.25
Smithson NAV <sup>1</sup>	-2.2	+2.1	+13.3	-28.1	+18.9	+31.4	+33.2	-5.8	+59.6	+7.5
Smithson Share Price	-4.7	+4.9	+8.2	-35.2	+18.1	+31.7	+29.8	+0.0	+41.4	+5.5
Equities <sup>2</sup>	-4.7	+11.5	+9.1	-8.7	+17.8	+12.2	+21.9	-8.3	+56.4	+7.2
UK Bonds <sup>3</sup>	+1.1	-2.3	+5.6	-15.0	-4.5	+4.6	+3.8	+2.1	-6.0	-1.0
Cash <sup>4</sup>	+1.1	+5.1	+4.6	+1.4	+0.1	+0.3	+0.8	+0.2	+14.2	+2.1

<sup>1</sup>Source: Bloomberg, starting NAV 1,000.

<sup>2</sup>MSCI World SMID Index, £ net, source: [www.msci.com](http://www.msci.com)

<sup>3</sup>Bloomberg/Barclays Bond Indices UK Gov't 5-10yr, source: Bloomberg. <sup>4</sup>£ Interest Rate source: Bloomberg. \*From 19.10.18



**A** Smithson NAV    **B** Smithson Share Price    **C** Global Smaller Companies Sector    Source: Morningstar to 31.03.25

Past performance is not a reliable indicator of future results. The value of your investment may go up as well as down and you may not get back the amount of your original investment.

## Smithson Investment Trust – Top holdings and contributors



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### Top 10 holdings by weighting

31st December 2024

Diploma	UK
Verisign	USA
Rational	Germany
Verisk	USA
Moncler	Italy
Fisher & Paykel Healthcare	NZ
Choice Hotels	USA
Geberit	Switzerland
MSCI	USA
Clorox	USA

### Smithson contributors & detractors 2024

#### Top Contributors

%

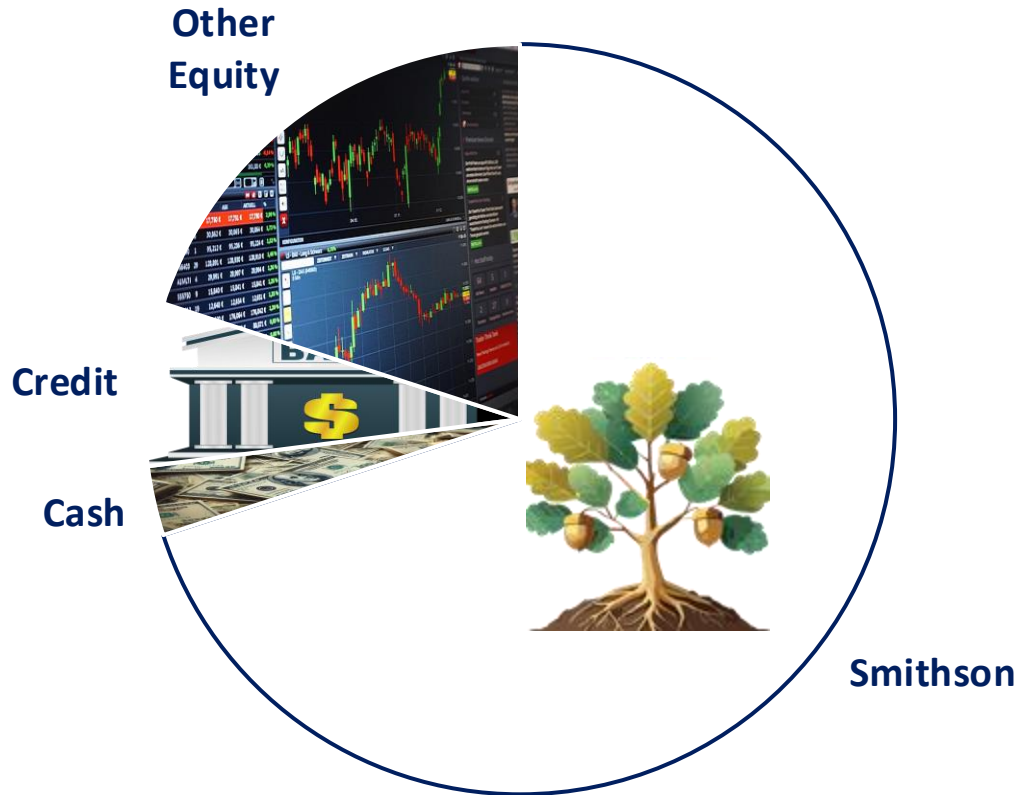
Fortinet	1.6%
Fisher & Paykel Healthcare	1.4%
Addtech	1.0%
Technology One	0.9%
Diploma	0.9%

#### Top Detractors

%

Temenos	-1.3%
Spirax-Sarco Engineering	-1.3%
Domino's Pizza Enterprises	-1.2%
Fevertree Drinks	-1.1%
Qualys	-1.0%

Gross contribution including currency.  
Smithson weights as at end of stated period.



**“Don’t tell me what you think,  
tell me what you have in your  
portfolio.”**

**Nassim Nicholas Taleb**

# Smithson Investment Trust

Q&A

