

20 November 2025

Smithson Investment Trust

Dear Fellow Shareholder,

I am writing to you about our Stock Exchange announcement of 12 November 2025, in which we announced a proposed rollover of the Company's assets into an open-ended investment company (OEIC), which is the default option, or allowing shareholders to realise their investment at close to net asset value (NAV). I wanted to write to explain why we are suggesting this action, and why the Board decided unanimously to recommend it to shareholders.

You will of course be acutely aware of the persistent discount to NAV at which the Company's shares have traded since early 2022. In the last twelve months this has averaged 10.3%. We have continued to make a concerted effort to reduce the discount via a significant buyback programme, with £992 million deployed since April 2022. However, the discount remained stubbornly high and so the Board began engaging with shareholders, and Fundsmith, with a view to providing a proactive solution to reduce or eliminate the discount.

After considering a wide range of options and consulting with a significant number of the Company's largest shareholders, the Board has determined that offering a roll over into an OEIC which will mirror the Company's existing investment strategy, coupled with an uncapped cash exit opportunity at NAV less costs, offers the best outcome for shareholders as a whole. Specifically, we believe that the proposal offers the following benefits:

- **Continuity of investment manager and strategy:** The OEIC will be managed by Fundsmith, with Simon Barnard as portfolio manager, continuing the current investment strategy.
- **No NAV dilution for rolling shareholders:** It is expected that shareholders who roll their investment into the OEIC will not suffer any NAV dilution as a result of the proposal. Put simply – a shareholder with £100 invested in the Company would have £100 invested in the OEIC.
- **Full cash exit to be made available:** Shareholders will have the option to realise some or all of their holding in the Company for cash. No discount, apart from the application of costs not covered by Fundsmith (which are minimal), will be applied to the cash exit.
- **Ability to trade at NAV:** Shareholders in the OEIC will be able to purchase and sell shares at NAV on a daily basis. The open-ended unlisted structure of the OEIC effectively

eliminates the discount.

- **Ability to stay invested in a tax efficient manner:** UK shareholders who roll into the OEIC may do so without triggering a charge to UK capital gains tax.
- **Minimal costs to be borne by shareholders:** Following discussions with the Board, Fundsmith agreed to make a significant contribution to the costs of this proposal, helping to ensure shareholders who roll over their investment into the new OEIC do not suffer any NAV dilution. Some costs will be attributed to those wishing to exit for cash, but these will not be significant. Depending on the proportion of shareholders taking cash we would expect £100 invested in Smithson at present would result in more than £99 being returned in cash.

Actions for You to Take

You do not need to do anything at present.

Fundsmith will apply to the FCA to set up the new OEIC, which we hope will be completed before the end of January. Once that is achieved a circular will be sent to shareholders that will outline the proposal in more detail and will convene two shareholder meetings, the purposes of which will be:

- at the first meeting, shareholders will be asked to approve the terms of the proposal along with certain changes to the Company's articles of association, along with authorising the Company's liquidators (once appointed) to take certain actions necessary to implement the proposal; and
- at the second meeting, shareholders will be asked to approve the Company entering into members' voluntary liquidation, the appointment of the Company's liquidators and the terms of the liquidators' remuneration.

New shares in the OEIC will be issued immediately after the second meeting. The distribution of cash to those wishing to exit will follow as soon as possible thereafter.

The default option under the proposals is for shareholders (except for certain overseas shareholders) to roll over their investment in the Company into the new OEIC. Shareholders who wish to realise their investment for cash will be given the opportunity to elect to do so in respect of some or all of their shares.

It is expected that the proposal will be completed by no later than 31 March 2026.

My priority as Chair – one shared by the entire Board – is the protection and restoration of shareholder value. We believe that this proposal offers the best opportunity for doing so.

If you have any questions or feedback, please do contact me at smithsonchairman@apexgroup.com.

Yours sincerely,



Mike Balfour, Chairman