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12 November 2025

**Smithson Investment Trust plc**  
**Proposed rollover into an open-ended fund**

- *Smithson Investment Trust plc's assets to be rolled into a soon-to-be-established open-ended fund*
- *Investment strategy and manager unchanged*
- *Full cash exit at NAV less costs offered to all shareholders*
- *Cost contribution from Fundsmith LLP to ensure no NAV dilution for shareholders rolling their investment into the new fund*

**Introduction**

The Board of Smithson Investment Trust plc (the "**Company**" or "**SSON**") announces that the Company has entered into heads of terms with Fundsmith LLP ("**Fundsmith**") for the proposed rollover of the Company's assets into an open-ended investment company ("**OEIC**"), implemented via a scheme of reconstruction and voluntary winding up of the Company under Section 110 of the Insolvency Act 1986 (the "**Scheme**"). It is intended that the assets of the Company will be transferred to Smithson Equity Fund ("**New Smithson**"), an OEIC in the process of being established, which will be managed by Fundsmith (the "**Proposal**").

The Board has decided upon this proposal after a period of careful consideration of a range of options aimed at optimising value for shareholders. Whilst the Board is confident in SSON's investment strategy and manager, the Directors are also highly cognisant of the discount to NAV which has been entrenched for some years and the need therefore to take action to restore value to shareholders.

**Key benefits of the proposed Scheme**

The Board believes the Proposal will provide shareholders with the following key benefits:

- **Continuity of investment manager and strategy:** New Smithson will be managed by Fundsmith, with Simon Barnard as portfolio manager, continuing the current investment strategy of long-term investing in small and mid ("**SMID**") sized listed or traded companies globally to deliver long term capital growth.
- **No NAV dilution for rolling shareholders:** It is expected that shareholders who roll their investment into New Smithson will not suffer any NAV dilution as a result of the Proposal.
- **Full cash exit to be made available:** Shareholders will have the option to realise some or all of their holding in SSON. No discount, apart from the application of costs not covered by the Fundsmith Contribution (as defined below), will be applied to the cash exit.
- **Ability to trade at NAV:** Shareholders in New Smithson will be able to purchase and redeem shares in the OEIC at the NAV per share on a daily basis. The open-ended unlisted structure of New Smithson will eliminate the persistent discount to NAV at which shareholders in the Company have been able to sell their shares in the market over the past three and a half years.
- **Ability to stay invested in a tax efficient manner:** UK shareholders who roll over their investment in the Company into New Smithson may do so without triggering a charge to UK capital gains tax.

**Cost contribution by Fundsmith:** Fundsmith will make a significant cost contribution in connection with the Proposal (the "**Fundsmith Contribution**") which will benefit all shareholders and should ensure that there is no NAV dilution for Shareholders rolling over into New Smithson.

## **Background to the Scheme**

The Board is acutely aware of the persistent discount to NAV at which the Company's shares have traded since early 2022, with demand for the Company's shares impacted by a number of factors, including relative underperformance, in part due to the manager's style being out of favour (the Company has delivered a NAV total return of +65.9% since inception and (15.2)% since the start of 2022 compared to +88.3% and +24.0% for the MSCI World SMID Index £ Net over the same periods).

Despite the Board's efforts to attempt to reduce the discount through its significant buyback programme, with £992 million deployed since buybacks began in April 2022 (repurchasing 69.6 million shares, representing 39.3% of the issued share capital at 31 March 2022), the Company's shares have continued to trade at a significant discount to NAV.

The Board continues to have conviction in the Company's investment strategy and manager, but recognises shareholders' ongoing frustration with the discount and has been actively engaging with shareholders. The Board therefore has been exploring solutions which reduce or eliminate the discount to NAV at which the Company's shares trade, whilst keeping the current investment strategy and manager.

The Board, after considering a number of options and consulting with some of the Company's largest shareholders, decided that offering a rollover into an OEIC which would mirror the Company's existing investment strategy, coupled with an uncapped cash exit opportunity at NAV less costs, would offer the best outcome for shareholders as a whole. As the investment strategy does not employ certain attributes of a closed-end structure, such as gearing and investments in private assets, and given that the underlying portfolio is liquid (the median market capitalisation of the holdings in the portfolio is c. £8 billion), the Board believes that rolling into an OEIC is unlikely to have a detrimental impact on the delivery of the investment strategy, whilst having the benefit of removing the discount.

## **Further detail on the Scheme**

The Proposal, if approved by shareholders at the required general meetings of the Company, will be implemented through a scheme of reconstruction and winding up of the Company pursuant to section 110 of the Insolvency Act 1986, resulting in the voluntary liquidation of the Company and the rollover of its assets into New Smithson in exchange for the issue of shares in New Smithson to those who are deemed to have elected to roll over into New Smithson.

Pursuant to the Scheme, shareholders will be able to elect (in whole or in part and in accordance with their personal investment requirements) to:

- i) roll over their investment in the Company into New Smithson (the "**Rollover Option**"); or
- ii) receive their entitlement upon the winding-up of the Company in cash (the "**Cash Option**"),

in respect of some or all of their shares in the Company.

The Rollover Option will be the default option under the Scheme. The Cash Option will bear the direct costs of the Scheme, less the relevant benefits of the Fundsmith Contribution.

## **Conditions**

The Proposal is subject to a number of conditions, including:

- i) New Smithson having been established and authorised by the Financial Conduct Authority under Regulation 14 of the Open-Ended Investment Companies Regulations 2001; and
- ii) the passing of the necessary resolutions by the Company's shareholders to approve the Scheme and to place the Company into voluntary liquidation.

## **The Fundsmith Contribution**

Fundsmith has agreed to make a significant contribution to the costs of the Proposal. For the benefit of all shareholders, whether electing for the Cash Option or the Rollover Option, Fundsmith has agreed to:

- i) waive any payment that would have been due by the Company in lieu of notice to Fundsmith under the terms of the Company's investment management agreement; and

- ii) cover the legal fees of the Company in connection with the Proposal.

In addition, for the benefit of shareholders electing for the Rollover Option, Fundsmith has agreed to cover any stamp duty payable by New Smithson on the transfer of the Company's assets to New Smithson, with the aim of ensuring that shareholders who roll over their investment into New Smithson do not suffer any NAV dilution.

Shareholders will not be liable for any of the costs of setting up New Smithson, all of which will be borne by Fundsmith.

### **New Smithson**

New Smithson will be an unlisted FCA-authorised OEIC operating as a UK UCITS fund. It will be managed by Fundsmith with the same investment strategy and policy as SSON subject to minor modification to reflect the regulatory requirements applicable to a UK UCITS fund. Simon Barnard will continue to be the portfolio manager of the strategy.

Shareholders in New Smithson will be able to buy and sell shares on a daily basis at a price equal to the net asset value per share at the next valuation point following the instruction.

The management fee of SSON is charged at 0.9% of market capitalisation. New Smithson will also charge 0.9% but this will be based on NAV.

### **Expected timetable**

The Company intends to publish a circular, including further details in relation to the Scheme, upon the formal establishment of New Smithson. That circular will also contain notices of the general meetings at which the required shareholder resolutions to approve the Scheme and the placing of the Company into voluntary liquidation will be proposed. The circular is expected to be published by no later than 31 January 2026.

Subject to the relevant conditions being satisfied, it is expected that the Scheme would be completed by no later than 31 March 2026.

### **Shareholder support**

In September and early October this year, in light of the entrenched discount to NAV, the Board undertook a shareholder consultation to seek its largest shareholders' views on the future of the Company. The feedback received from Shareholders indicated support for decisive action to close the discount.

Saba Capital Management L.P. ("**Saba**") whose clients have an economic interest in 16.05% of the Company has undertaken to use best endeavours, in respect of such shares in the Company as are beneficially held by any funds, accounts and investment vehicles managed, advised or sub-advised by Saba or any of its affiliates at the record date of each general meeting, to vote or procure a vote in favour of the Scheme.

The Company has also received a letter of intent to vote in favour of the Scheme from Terry Smith, the CEO and CIO of Fundsmith, who has an interest in 2.30% of the Company's voting rights. Mr Smith also intends to elect for the Rollover Option in respect of his entire holding of shares in the Company.

Another significant shareholder has also indicated their support for the Scheme.

### **Mike Balfour, Chairman of Smithson Investment Trust plc, said:**

"Whilst we have conviction in SSON's proven and differentiated investment strategy and in Fundsmith as manager, our priority and commitment as a Board is to listen carefully to shareholders and take proactive steps to resolve the entrenched discount and restore shareholder value.

Despite the sizeable buyback programme undertaken, the Company's shares have frustratingly continued to trade at a significant discount. We are confident that this Proposal offers a clear route to restoring shareholder value, giving shareholders the choice between a clean exit and continued participation in the same proven investment strategy.

We are pleased to have engaged constructively with Saba and other large shareholders throughout this process."

### **Enquiries:**

**Smithson Investment Trust plc**  
Mike Balfour, Chairman

**c/o Burson Buchanan**

**J.P. Morgan Cazenove (Sole Financial Adviser)**  
William Simmonds  
Rupert Budge

+44 (0) 203 493 8000

**Burson Buchanan (Financial PR)**  
Henry Wilson

[Smithson@bucharancomms.co.uk](mailto:Smithson@bucharancomms.co.uk)  
+44 (0) 7788 528143

Helen Tarbet  
Nick Croysdill

+44 (0) 7872 604453  
+44 (0) 7815 823412

**Apex Listed Companies Services (UK) Limited** +44 (0) 203 327 9720  
**(Corporate Company Secretary)**

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