The Scott Trust Endowment Ltd.
Performance Report 2025/26

Statement by the Chair of the Board of The Scott Trust Endowment

The Scott Trust Endowment (STEL/the Endowment) is the investment fund that helps secure the Guardian's long-term independence and its mission of independent, progressive journalism.

In line with our mission to secure the financial independence of the Guardian in perpetuity, our investment strategy takes a long-term view, aiming to deliver growth and sustainable returns through a diversified portfolio of investments, while carefully managing risk.

The financial year to 31 March 2026 was a period of significant macroeconomic turbulence that tested investors globally. Despite these headwinds, the Endowment generated a return of 10.2% over the year, ensuring it remains well positioned for future long-term growth.

The Scott Trust Endowment shares the same values as the Scott Trust - honesty, integrity, courage, fairness, and a sense of duty to the community and readers. These are central to our approach and directly shape our investment strategy, policies, and the choices we make. Our investment approach is designed to generate strong returns while making a positive social and environmental impact, in part by partnering with fund managers who share the same outlook.

We believe it is important to direct capital to companies that are supporting the transition to a net zero economy. Our investments in environmental solutions continued to grow this year and now stand at £148.4m, equivalent to 11% of the Endowment's assets. They include companies working to decarbonise the grid, electrify transport, cut emissions from manufacturing processes, make food systems more resilient, and protect nature.

We have also been working with Nature Action 100, a global investor-led initiative focused on engaging with companies on addressing nature and biodiversity loss.

Human rights and modern slavery are also important focus areas for the fund. This year we enhanced our due diligence and monitoring processes, strengthening our approach.

A commitment to diversity, equity and inclusion is another key factor in how and where we invest. There is clear evidence that a diverse workforce leads to improved decision-making and business outcomes. We assess diversity, equity and inclusion (DE&I) as a key part of the investment process.

We are also proud to support industry-wide initiatives such as the Asset Owner Diversity Charter, and this year we partnered with Girls Are Investors Network to welcome two summer interns into the team - a practical step towards encouraging more women and non-binary people to pursue careers in investment.

Collaboration with our peers, both informally and formally through investor alliances, remains a crucial part of our work to drive more responsible practices in the investment industry.

The Scott Trust Endowment exists to generate long-term financial returns to support our primary purpose, and aims to make a meaningful environmental and social impact wherever we can. As we look ahead, we'll continue to invest responsibly to generate sustainable long-term returns in order to support the Guardian's independence for generations to come.

Tracy Corrigan
Chair of the Board, the Scott Trust Endowment*;*
and *Member of the Board,* the Scott Trust

Report on the Endowment

1. Structure of the Endowment

At 31 March 2026, the Endowment was valued at £1,344.3 million.

Endowment Asset	Balance	Role in the Endowment
The Scott Trust Endowment Ltd. (STEL)	£1,344.3 m	STEL aims to generate strong risk-adjusted returns over the long term to support the Scott Trust's mission of supporting the Guardian in perpetuity.

2. Performance

The primary investment objective of the Endowment is to achieve an annual total return of inflation (CPI) plus 5% over the long term, net of fees. The long term is defined as a minimum of ten years. In addition to the investment objective, the Endowment aims to generate returns in excess of the portfolio benchmark. This portfolio benchmark reflects our strategic asset allocation (SAA), which is designed to meet our investment objectives.

During the financial year, there was a change to the portfolio benchmark which reflected the Endowment's decision to incorporate an overlay portfolio within the SAA. Further detail is shared later in the report.

Over ten years, the Endowment has generated an annualised return of 7.8%, which is marginally behind the portfolio benchmark (8.2%) and below the CPI plus 5% target (8.5%). The latter has proven challenging to meet in recent years, given the sustained rise in inflation and low economic growth.

For the twelve-month period to 31 March 2026, the Endowment generated a return of 10.2%, which lagged behind the portfolio benchmark by 2.4% but outperformed the CPI plus 5% target by 1.9%.

3. Governance of the Endowment

The Scott Trust Endowment has operated as an independent entity for two years, following the transition of assets from the Guardian Media Group to the Scott Trust Endowment (STEL) in 2023/24.

The Scott Trust has delegated authority for most decisions relating to the management of the Endowment to the STEL Board, which meets regularly to review the performance and strategy of the Endowment.

The STEL Board currently comprises:

- **Tracy Corrigan,** Chair of the Board, The Scott Trust Endowment
- **Jonathan Evans,** Chief Investment Officer
- **Stephen Godsell,** Group General Counsel and Company Secretary
- **Chris Hitchen**
- **Jonathan Paine,** Member of the Board, The Scott Trust, member of the Joint Audit Committee
- **Gayle Schumacher**
- **Ole Jacob Sunde,** Chair of the Board, The Scott Trust

The STEL Board has appointed Mercer (formerly Cardano), Cambridge Associates, and Gallagher (formerly Redington) as advisors. Mercer advises on strategic and tactical asset allocation, public-market investments and the management of day-to-day aspects of the Endowment. Cambridge Associates advises on private investments. Gallagher advises on environmental sustainability.

1 The valuation shown above is not identical to that presented in the Group's financial statements (£1,346.1 million). Primarily this is due to the source of the data used, with data in the financial statements provided by the custodian and data in this report provided by our investment advisors. In addition, one of the funds is deemed to be a subsidiary by virtue of control and as such a different valuation method has been used in the financial statements.

4. Review of Investment Activities

Overview of the Endowment's Performance

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	10 year performance	Annualised since inception[1]
Scott Trust Endowment	20.7%	3.7%	6%	-3.4%	25%	14.9%	-2.4%	5.6%	1.5%	10.2%	7.8%	6.5%
Weighted Benchmark (Hedged)	18.7%	3.0%	5.7%	-4.0%	21.7%	7.1%	-2.3%	13.8%	8.6%	12.6%	8.2%	6.1%
Out-performance	2.0%	0.7%	0.3%	0.6%	3.3%	7.8%	-0.1%	-8.2%	-7.1%	-2.4%	-0.4%	0.4%

The table above shows the performance of the Endowment over the last ten years and on an annualised basis since inception in mid-2008. The Endowment has marginally underperformed the portfolio benchmark across the ten-year performance period (net of costs) but outperformed on a since inception basis.

The Endowment generated a return of 7.8% over ten years, which is below the CPI plus 5% target (8.5%). This target has proven challenging to meet in recent years, given the sustained rise in inflation. The Endowment's 6.5% return since inception is also below CPI plus 5% since inception (7.9%).

The year to March 2026 was characterised by ongoing geopolitical and macroeconomic uncertainty. While inflation moderated across developed markets, it remained above target, and investor sentiment was influenced by continued trade tensions and geopolitical developments.

Equity markets rallied strongly for much of the period, supported by resilient growth, easing inflation and AI-related investment, although volatility increased later in the year. This is due to concerns around valuations, uneven growth and uncertainty over the timing of monetary policy easing. Heightened tensions in the Middle East toward the end of the period added further uncertainty to the outlook and contributed to increased market volatility.

Central banks remained cautious, with policy paths diverging and contributing to an uncertain rate environment. As a result, equities delivered positive returns overall, albeit with greater dispersion, while fixed income markets saw mixed performance. Despite this backdrop, the Endowment generated modest positive returns.

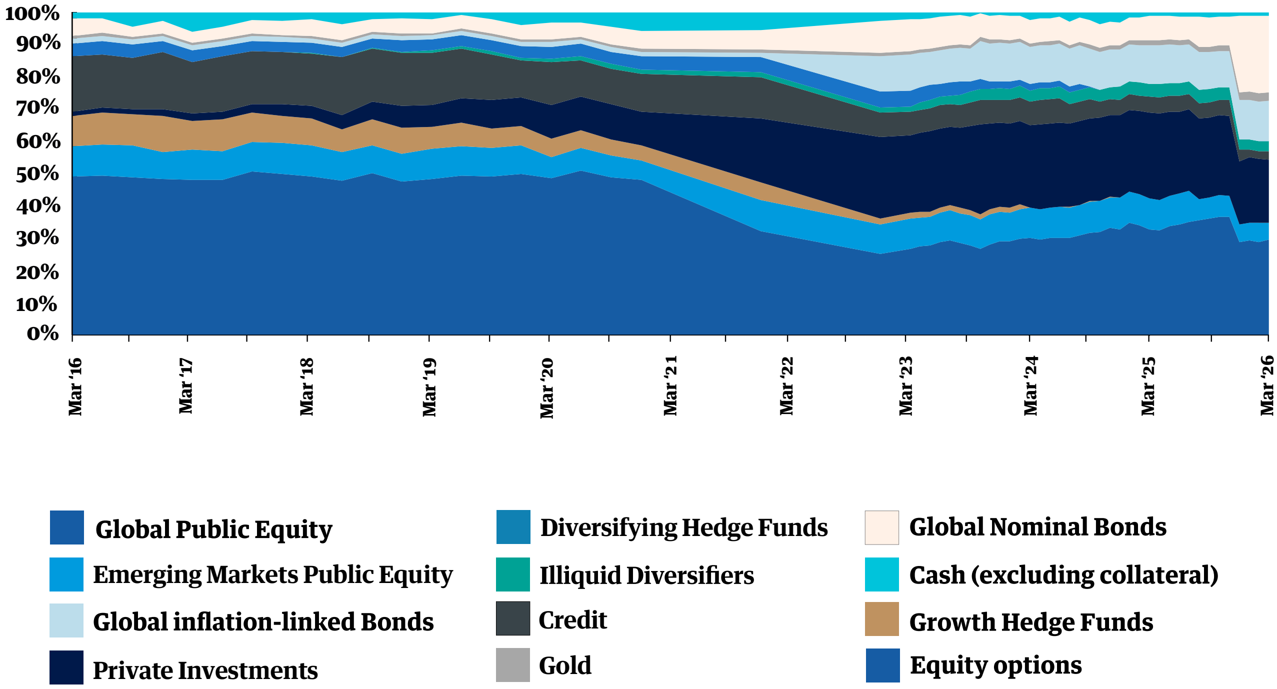
Whilst all asset classes contributed positively in absolute terms, on a relative basis, the Endowment's private equity managers were the largest underperformers over the year. This reflects a more challenging environment for private investments (higher interest rates and a more challenging exit environment).

The Endowment is well positioned to provide support to the Guardian while remaining focused on the long-term returns that will help to fulfil its purpose in perpetuity.

1 Inception 30 June 2008

4. Review of Investment Activities (cont.)

Evolution of the Endowment's Asset Allocation



The chart above shows the evolution of the asset allocation of the Endowment over the past 10 years from March 2016 to March 2026.

The STEL Board approved a new Strategic Asset Allocation (SAA), in October 2025, which includes overlays designed to improve the efficiency of portfolio diversification. This new allocation was implemented in December 2025.

We continue to increase our allocation to private markets in line with our target strategic asset allocation. Whilst we build up our allocation to private assets, we hold an overweight position within public equity relative to our SAA.

4. Review of Investment Activities (cont.)

Risk

The primary investment objective of the Endowment is to achieve strong long-term returns with an acceptable level of risk. The inclusion of overlays has helped STEL. The current portfolio is well positioned to deliver these returns when economic growth is robust, due to its sizable allocation to public and private equities. Diversification also helps to protect the portfolio when markets are more volatile. We continue to monitor the portfolio to ensure that it runs an appropriate level of risk to meet its return objective while maintaining sufficient liquidity to support its obligations.

Private Investments

Private equity performance improved in 2025, supported by resilient revenue and earnings growth in underlying portfolio companies and a recovery in deal and exit activity. The improvement happened even as tariffs and broader policy uncertainty weighed on sentiment. Venture capital also rebounded as the valuation reset which started in 2023 began to bottom out, but the recovery was uneven, with AI-related companies driving investment activity and commanding high valuations. While exit markets remained broadly muted, 2025 distributions have been the highest levels since the downturn in 2023. The re-rating of enterprise software valuations in public markets in Q1 2026, amid concerns about AI disruption, is yet to fully reflect in private markets and may weigh on the pace of recovery.

Private Equity and Venture Capital Portfolio:

In 2025, the Endowment's Private Equity and Venture Capital (PE & VC) portfolio returned 7.6% in USD terms; however, as sterling strengthened against the dollar over the year, the return in GBP was 0.2%. Over a 10-year time horizon the Endowment's PE & VC portfolio returned 12.5% and 12.1% in USD and GBP terms, respectively.

As at 31 December 2025, the Endowment's PE & VC portfolio stood at £283 million in net asset value (NAV) and has generated £147 million of distributions since inception. Given a cost basis of £285 million, this translates to a total net cash-on-cash return of 1.5 times cost, including a realised net return of 0.5 times cost.

From 1 April 2025 through to 31 March 2026, the PE & VC portfolio has completed £51 million in commitments across 12 funds, bringing the total to £403 million in commitments across 32 managers since inception. A recent example of a commitment is:

- **Ufenau** - Ufenau is a lower-middle-market private equity manager focused on investing in Europe with majority ownership in asset-light service businesses that have lower environmental footprints.

Private Market Diversifiers Portfolio:

In 2025, the Endowment's private markets Diversifier's portfolio returned 7.1% in USD terms and -0.2% in GBP terms. Since its inception in March 2017, the portfolio returned 6.7% in USD terms and 5.5% in GBP terms. The Diversifiers portfolio consists of investments that should be less correlated to equities, providing additional resilience and stability to the portfolio through economic cycles.

As at 31 December 2025, the Diversifiers portfolio had an unrealised NAV of £56 million and had generated £53 million in distributions. Given a cost basis of £97 million, this translates to a total net cash on cash return of 1.1 times cost, including a realised net return of 0.5 times cost.

From 1 April 2025 through to 31 March 2026, £23 million in commitments have been completed across three funds in the Diversifiers portfolio, bringing the total to £146 million in commitments across 13 managers since inception. A recent example of a commitment is:

- **Brookfield Asset Management** - Brookfield is a global alternative asset manager. STEL invested in its Global Transition strategy focused on accelerating the economy towards net zero by financing renewable power, decarbonising carbon-intensive industries, and supporting sustainable technology.

Costs

The STEL Board seeks to manage the portfolio in the most cost-effective manner. We continue to look to reduce investment management fees while preserving the level of diversification. Over the year, we have further reduced our small remaining allocation to hedge fund managers, helping to lower the management fees paid to external managers.

5. Responsible Investment

The Endowment is a long-term investor and universal asset owner. We can not avoid systemic risks, like climate change, that affect the entire system, but we can determine how we play our part. We believe that sustainable long-term returns are dependent on stable, well-functioning and well-governed social, environmental, and economic systems.

Investing responsibly is a core part of the Endowment's investment approach and we focus on using the levers available to us to tackle the environmental crisis and to advance diversity, equity and inclusion in the investment industry, uphold human rights and combat modern slavery.

Climate change and nature loss
To contribute to reducing emissions in the real world and to protecting nature and biodiversity, we have made investments supporting the transition to a net zero economy, investments in environmental solutions and we actively engage on environmental issues.

We invest in funds that are focused on supporting companies in high-emitting sectors to decarbonise, which we believe plays a critical role in the transition to a net zero economy.

Our investments in environmental solutions continue to grow and now stand at £148.4m, equivalent to (11%) of the Endowment's assets. These include investments in renewable energy, energy efficiency, electrifying transport, decreasing emissions from industrial and manufacturing processes, and increasing the resilience of food systems. Recognising climate change and nature loss are interlinked and interdependent issues, we have committed to allocate at least 3% of the total Endowment value specifically to natural capital and biodiversity solutions. While this is a nascent and developing area, this year, we have identified investable focus areas and funds which we believe can contribute to supporting natural capital and biodiversity.

We have continued our engagement on biodiversity and nature loss. This includes working with our fund managers on actions they are taking to consider these risks as part of their investment process and in their interactions with companies in their portfolio. We continue to engage with some of the largest companies in the world on their ambitions and actions to reverse nature and biodiversity loss, through the investor-led initiative Nature Action 100.

Diversity, equity and inclusion
The Endowment continues to assess diversity, equity and inclusion (DE&I) as a key part of the investment process, given the evidence of improved decision making and business outcomes gained through a diverse workforce.

The Executive team continues to contribute to industry-wide initiatives including the Asset Owner Diversity Charter (AODC) Steering Group. The AODC works with investment fund managers to improve voluntary disclosures on DE&I and to improve practices within firms.

To further the Endowment's commitment to improving diversity in the investment industry we partnered with Girls Are Investors Network (GAIN) to bring two summer interns into the team. This is an important step in helping more women and non-binary professionals build their careers in the investment industry.

Human rights and modern slavery
We have continued our work on human rights and modern slavery from an investment perspective and updated the Endowment's policies to cover human rights and modern slavery related-risks this year. The Endowment assesses investment managers' approach and their stewardship with investee companies and their supply chains.

Alliances
Collaboration with our peers, both informally and formally through investor alliances, remains a crucial part of our work to drive more responsible practices in the investment industry. We continue to be active members of the following organisations:

- **UK Sustainable Investment and Finance Association (UKSIF)** brings together the UK's sustainable finance and investment community.
- **Institutional Limited Partners Association (ILPA)** engages and advocates on transparency, governance and alignment of interests in private markets for institutional investors.
- **Institutional Investors Group on Climate Change (IIGCC)** works with investors to navigate the risks and opportunities of the transition and support progress towards a net zero and climate resilient future.

This year, we contributed to research supporting the industry's development of impact investing in private markets through ILPA.

6. Mercuri (formerly known as GMG Ventures)

Mercuri is an early-stage venture capital fund that leads pre-seed and seed funding rounds for UK companies at the intersection of media, entertainment and AI. The firm is dedicated to backing outstanding entrepreneurs who are at the forefront of developing tech-driven products designed for the new age of enterprise and the digital lifestyle of the consumer.

Mercuri's first fund, launched under its former name GMG Ventures, has The Scott Trust Endowment Limited as its sole limited partner, with a commitment of £42 million. The fund, which is over eight years into its ten-year term, has distributed the majority of its paid in capital to date and there is significant value remaining in the fund.

In May 2023, The Scott Trust continued to support Mercuri by committing £4 million to Mercuri II LP. Mercuri II LP has now made nineteen initial investments and four follow-on investments since its launch in May 2023.

Mercuri is a certified B Corp and co-founder of Reframe Venture, a non-profit initiative to improve environmental, social and governance ("ESG") best practice in the venture capital industry, with 650 members. Mercuri is focused on partnering with founders who align with these values and who work to build and scale their companies in a responsible way; including through the responsible design and use of technologies. Mercuri has a comprehensive ESG strategy.