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BY MARTEN & CO

INVESTOR

Seraphim Space Investment Trust

Investment company | Update | 29 May 2025

SpaceTech – the critical frontier in modern defence

Seraphim Space Investment Trust (SSIT) provides investors with focused exposure to the commercial space sector – one that is increasingly intertwined with defence. Around 78% of the trust's portfolio has applications in defence, and key holdings such as ICEYE and ALL.SPACE are already embedded in the operational infrastructure of European and US militaries. Despite the potential of that strategic positioning, and a 130.4% uplift in the value of its private investments since launch, the trust continues to trade on a steep 47% discount to net asset value (NAV).

This valuation disconnect may not persist. Rising geopolitical tensions and renewed commitment to military spending – exemplified by the EU's €800bn ReArm initiative and the UK's increasing defence budget – are driving structural demand for space-enabled defence capabilities. Many of SSIT's portfolio companies are already demonstrating strong financial resilience, with healthy cash runways (i.e. the amount of time a company can operate before needing to raise more capital) and growing commercial traction. As defence spending continues to rise and macro headwinds such as interest rates begin to ease, a re-rating of SSIT's holdings closer to those of their peers in the broader aerospace and defence sector would be justified in our view.

Sector	Growth capital
Ticker	SSIT LN
Base currency	GBP
Price	73.0p
NAV	101.0p
Premium/(discount)	(27.8%)
Yield	Nil

SSIT's manager notes that several portfolio companies continue to hit key commercial and technical milestones

The value of SSIT's private portfolio is now up 130.4% versus its total cost

It may only be a matter of time before SSIT's holdings valuations catch up with some of their listed aerospace and defence peers

The world's first listed SpaceTech fund

A diversified, international portfolio of predominantly growth-stage, privately-financed 'SpaceTech' businesses that have the potential to dominate their field and are category leaders with first mover advantages in areas such as global security (defence), climate and sustainability, connectivity, autonomous mobility, telecommunication and smart cities.

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Contents

Domicile	**England & Wales**
Inception date	**14 July 2021**
Manager	**Seraphim Space LLP**
Market cap	**173.2m**
Shares outstanding (exc. treasury shares)	**237,198,584**
Daily vol. (1-yr. avg.)	**327,820**
Net gearing	**Nil**

Click for our most recent note

Click for an updated SSIT factsheet

Click for SSIT's peer group analysis

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At a glance

Share price and discount

Over the 12 months ended 30 April 2025 SSIT's shares traded within a range of a 52.5% discount to NAV to a 24.9% discount, with an average discount of 42.2% discount. On 29 May 2025, SSIT was trading at a 27.8% discount. Recent share purchases by SSIT's chair Will Whitehorn and another board member underscore their confidence in the company's long-term prospects.

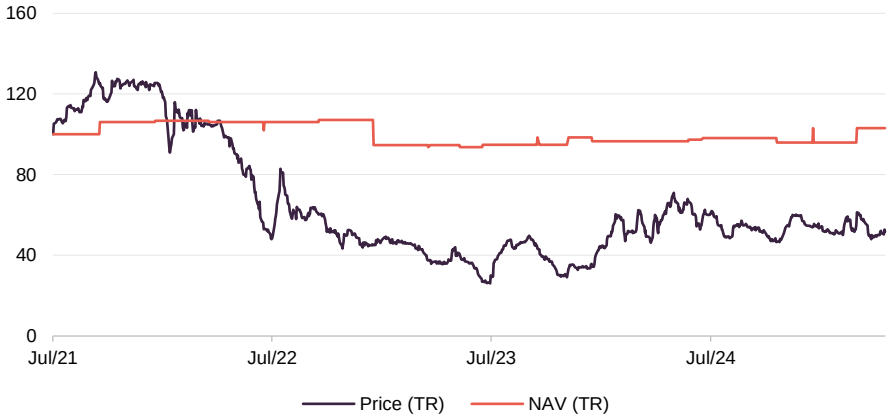
Time period 14 July 2021 to 28 May 2025

Source: Morningstar, Marten & Co

Performance over five years

As of 31 December 2024, SSIT reported a total NAV of £239.7m (101.04p per share), representing a 5.1% increase from the £228.1m (96.18p per share) NAV that SSIT reported six months earlier. As was the case when we last published, the largest contributor to this growth was unrealised fair value gains within its portfolio (i.e. increases in the estimated value of investments that haven't yet been sold).

Time period 14 July 2021 to 30 April 2025



Source: Morningstar, Marten & Co

Year ended	Share price total return (%)	NAV total return (%)	MSCI World Aerospace and Defence total return (%)
30/04/2022	**90.0**	**2.9**	**(42.6)**
30/04/2023	**(30.5)**	**(8.2)**	**(34.6)**
30/04/2024	**68.3**	**2.0**	**21.8**
30/04/2025	**(14.5)**	**6.8**	**25.5**

Source: Morningstar, Marten & Co

The cutting edge of defence

In its recent white paper (click here to read, and here to read a summarised version), SSIT's manager outlines what it sees as the transformative, yet tangible, opportunities presented by the utilisation of space technology within defence.

Rising geopolitical tensions, most notably the ongoing war in Ukraine, combined with growing uncertainty around the long-term reliability of US support, have triggered a sharp increase in defence spending across Europe and the UK. This has brought renewed focus to the strategic importance of space-based technologies, particularly in surveillance, communications, and intelligence. SSIT, with its concentrated exposure to SpaceTech companies aligned with defence and security applications, appears well positioned to benefit from these evolving priorities.

Europe – putting its money where its mouth is

Europe has announced €800bn in new defence spending

The effect of the volume of money being allocated to increase Europe's defence spending cannot be understated. The most significant amount is the €800bn allocated for Europe's ReArm Europe/Readiness 2030 plan – a defence package designed to provide the financial levers that EU member states need to strengthen their defence capabilities.

A key precursor to these policy shifts was Mario Draghi's September 2024 report on competitiveness. It flagged persistent and structural challenges in the single market (an integrated trade area where goods, services, capital, and people move freely across borders), including weak productivity growth, under investment in high tech sectors such as space tech, and external pressures from energy costs, demographic trends, and rising global protectionism.

Europe's defence initiatives aim to address several key action points, including deepening the EU's defence market, supporting its domestic defence industry, and continuing assistance to Ukraine in its war against Russia. The plan has already made direct references to technologies featured in SSIT's portfolio. One of the key goals is to accelerate the transformation of defence through disruptive technologies (innovations that fundamentally alter established industries or practices); another is to close capability gaps in Europe's defence, which includes enhancing 'strategic enablers' such as space assets. The Seraphim team has also noted that space technologies are becoming integral to modern security and defence strategies.

As part of the ramp up in defence spending, the EU plans to raise €150bn in loans from financial markets under what it describes as "exceptional circumstances". Member states – and Ukraine – that draw on the funds will be responsible for repayment, but the loans will carry a collective EU guarantee. This marks a rare instance of jointly backed European debt and signals the seriousness with which Brussels is approaching defence expansion.

There is increasing impetus for European countries to increase their defence budgets

Despite these powerful moves by the EU, some reservations remain. Alongside these robust initiatives, the EU is urging its member states to raise defence spending to an average of 1.5% of GDP. Some countries have not needed this encouragement – Spain, for example, has already announced it will spend an additional €10.5bn in 2025 to meet NATO's 2% defence spending target. The EU's current average defence expenditure stands at 1.3% of GDP (based on 2023

figures); reaching 1.5% would require an additional $39bn, while achieving the 2% target would require an extra $155bn.

The UK is also responding to shifting geopolitical pressures. In February 2025, Prime Minister Keir Starmer confirmed a commitment to raise defence spending to 2.5% of GDP by 2027, with a longer-term ambition to reach 3%. While earlier policy focus had centred on green investment, fiscal constraints have led to a reordering of priorities – placing greater emphasis on defence and national security in response to the evolving global landscape.

The future of conflict is already here

The explicit inclusion of space assets in the ReArm Europe plan is not simply an effort to capture the technologies of the future, but also a reflection of the recent transformations in modern warfare. The Ukraine conflict has shown how rapidly modern warfare is developing and the importance of space technology in defence, as well as the critical importance of space-based infrastructure during these times.

Seraphim has noted four key developments in the use of SpaceTech in defence

Seraphim has identified four examples that it believes highlight key developments in the use of space technology during the Ukraine conflict:

- Cyber warfare: one of Russia's first actions was to hack the Viasat satellite network, which Ukraine's military and government relied upon.
- Commercial space: SpaceX's Starlink – a satellite network providing global broadband services – has played a vital role in enabling communication for Ukraine's government and armed forces. However, concerns have been raised about placing too much reliance on Starlink as a partner and this has increased pressure for the development of rival constellations (networks of satellites working in coordination). Additionally, commercial observation satellites have proven critical for delivering intelligence and imagery.
- Drone warfare: the conflict in Ukraine has transformed the use of drones in combat, with Ukraine's drone operations heavily reliant on satellite communications to function (satcom enables long-range, secure and mobile connectivity).
- Electronic warfare: Russia has employed a range of disruptive tactics, including radio frequency jamming, GPS spoofing (sending false signals to mislead receivers), and signal interference. Ukraine has responded by leveraging space-based intelligence systems, which are far more difficult to disrupt.

While defence is expected to be a major source of near-term demand for space technology, the sector remains predominantly dual-use – with many technologies serving both military and civilian purposes. The Seraphim team has outlined three key areas in this regard:

- Intelligence, surveillance, and reconnaissance (ISR): satellites collect a wide range of reliable and actionable data at regular intervals, benefiting both military operations and civilian applications, such as weather forecasting.
- Secure communication: this is critically important to both military and civilian users. For example, Starlink not only provides frontline communication in Ukraine, but also delivers high-speed internet access to rural civilian users.
- Navigation: perhaps the most prominent example of a dual-use service. Global Positioning System (GPS) has been a cornerstone of US military operations

since its launch in 1978 and has served civilian navigation needs since it was opened to the public in 1983.

Europe starts from behind in space defence

Europe's renewed focus on space and defence reflects years of underinvestment. Most North Atlantic Treaty Organization (NATO) members have long fallen short of their spending commitments, with the US consistently outspending the rest of the alliance combined. On a per capita basis, US defence expenditure is 3.3 times that of the average non-US NATO member.

The gap is particularly stark in space-based defence. Europe has just 55 operational defence satellites (used for military communication, navigation, surveillance, and intelligence), compared to 266 for the US, 206 for China, and 88 for Russia. While Europe has made strategic progress with Galileo – its alternative to the US GPS system – it remains heavily reliant on American capabilities in areas such as surveillance. In 2024, Europe launched just one defence satellite, versus 122 from the US.

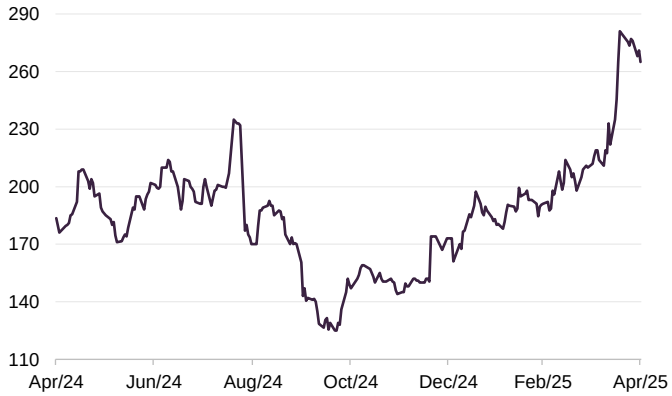
Bridging this capability gap will not be easy. Space infrastructure – particularly launch systems and satellite constellations – requires deep capital and long lead times (multi-year development cycles before deployment). Although European governments are now committing more funding, the pace of deployment remains slow. This creates a clear opening for the private sector, where specialist firms can move faster to meet both commercial and government demand.

The market is already responding. A select group of listed European space companies has seen rising investor interest. AAC Clyde Space (Figure 1), which supplies spacecraft electronics, and Creotech Instruments (Figure 2), which builds and operates small satellites, have both benefited from renewed momentum in the sector.

Figure 1: AAC Clyde Space 12 month share price (SEK)

Source: Bloomberg

Figure 2: Creotech 12 month share price (PLN)



Source: Bloomberg

Next steps

The Seraphim team has outlined a set of structural reforms it believes are essential if Europe is to meaningfully close its space capability gap, particularly in defence-aligned space infrastructure.

- **Increased funding**: commit significant national and EU budgets to fast-track procurement of ISR (Intelligence, Surveillance, and Reconnaissance) satellites and secure communications constellations.
- **Procurement reform**: streamline decision-making to favour agility, reduce bureaucracy, and give greater weight to innovative SMEs (small and medium-sized enterprises).
- **Institutional alignment**: establish a European counterpart to the US Space Development Agency, with 24-month capability targets to drive urgency.
- **Pragmatic sourcing**: prioritise capability over origin, ensuring the fastest route to filling critical gaps.
- **Capital access**: lift institutional investment restrictions on defence-linked technologies to unlock broader funding channels.
- **Specialist deployment**: route investment through specialist investment managers with domain expertise (deep knowledge of the sector) to accelerate impact.
- **Focus over geography**: shift away from geographic investment quotas in favour of addressing real strategic vulnerabilities.
- **Private capital mobilisation**: implement the Draghi report's recommendations to crowd in private finance for dual-use SpaceTech.

The opportunity for Seraphim

SSIT remains the only listed space-focused fund available to UK investors, offering differentiated access to a sector increasingly shaped by defence and security demands. Several of its holdings are already aligned with these themes, giving the trust a clear edge as spending priorities shift.

78% of SSIT's portfolio is addressing the needs of the defence sector

As of 31 December, the most recent valuation date for SSIT, 78% of its NAV is invested in companies that are "addressing defence requirements of governments in intelligence, communication, mobility and cybersecurity". SSIT's manager notes that portfolio companies have already begun to address the four examples discussed on page 5.

SSIT's three largest holdings – ICEYE, D-Orbit, and ALL.SPACE – are already producing products and services that are being procured by the defence departments of both Europe and the US. ICEYE, for instance, operates the world's first (and largest) constellation of miniaturised satellites that can, through the use of radar, generate near-real-time images of the Earth – regardless of day or night conditions, and even through cloud cover.

The anticipated demand for European defence SpaceTech is already translating into portfolio activity. On 8 May, SSIT's largest holding, ICEYE, announced a joint venture with Rheinmetall – one of Germany's leading defence contractors – to co-develop and produce synthetic aperture radar (SAR) satellites (SAR is a technique for producing fine-resolution images from a resolution-limited radar system. It requires the radar to be moving in a straight line, either on an aeroplane or orbiting

in space). Rheinmetall will hold a 60% stake and build a new satellite production facility in Germany.

The partnership was established in response to growing demand for space-based reconnaissance and aims to position Germany as a hub for high-tech manufacturing. Rheinmetall's CEO expects the venture could generate up to €1bn in annual revenue. ICEYE's CEO, Rafal Modrzewski, described the move as a step forward in building Europe's sovereign defence capabilities.

ICEYE has recently made two major announcements (on 12 and 21 May 2025 respectively) relating to its provision of defence related products and services. The first announced that ICEYE has secured a contract with the Polish Ministry of National Defence, worth €200m, for the immediate provision of three ICEYE SAR satellites, with the option for the ministry to purchase three more, and additional ground segment capabilities (infrastructure used to operate satellites and process data) in the next 12 months.

The deal will provide Poland with substantial near real-time intelligence, surveillance, and reconnaissance capabilities, as well as the ability to share data with allied nations. This is made possible by ICEYE's leading synthetic aperture radar (SAR) satellites, of which ICEYE owns and operates the world's largest constellation. Seraphim comments that this transaction demonstrates not only the clear defence capabilities of SpaceTech, but also the tangible commercial opportunities currently on offer the space industry.

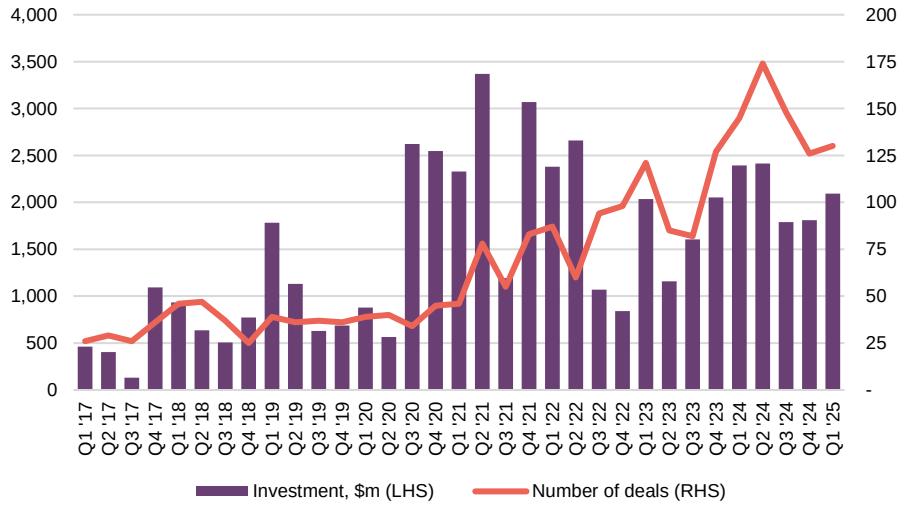
The second announcement relates to its new partnership with Safran, the French aerospace and defence firm, to developed AI-driven solutions for geospatial intelligence (analysis of satellite imagery and spatial data for military and security purposes). Working alongside Safran's AI division, Safran.AI, the duo will aim to improve government capabilities in defence and intelligence gathering by combining Safran.AI's expertise in vision-based artificial intelligence with ICEYE's high-resolution SAR imagery. Rafal commented that "By adding ICEYE SAR imagery to Safran's analytic capabilities we bring together the industry's best imagery with the industry's best multi-sensor image exploitation capability".

Private market activity

Thanks to the work of Seraphim, we are also able to observe the trends in the demand for privately-held SpaceTech firms, through its proprietary Seraphim Space Index.

The private market saw an increase in activity over the first quarter of 2025, with $2.1bn raised (a 17% or $0.3bn increase quarter-on-quarter), and $8.1bn raised over the 12 months to 31 March 2025 (a 13% or $0.9bn increase year-on-year). Seraphim notes that investment activity was again focused on capital-intensive sectors like space infrastructure and hardware, launch services, and satellites; with the US also taking the majority (59%) of the new investments.

Figure 3: Quarterly private space technology investment activity



Source: Seraphim, as of 31/03/2025

Despite continued defence sector activity, the US has seen slower growth in new capital raised over the past 12 months, partly attributed to reduced government spending under the Trump administration. NASA, for example, recently cancelled $420m in contracts, reportedly influenced by Elon Musk–backed DOGE. In contrast, Asia and Europe have gained momentum. Europe saw 168 new deals (up 58% year-on-year), while Asia recorded 181 (up 47%), marking the first quarter in which Asia surpassed the US in deal volume – 45 versus 44.

The growth in European deal volume signals a positive shift in addressing the region's space capabilities gap, with Europe accounting for 28% of global deal activity. However, it continues to trail the US and Asia, particularly in terms of total capex (capital expenditure – capital used by companies or governments to acquire or upgrade physical assets) – capturing just 18% of total investment over the past five years. North American deals remain 75% larger on average, underscoring Europe's continued reliance on smaller-ticket funding (i.e. smaller individual investment sizes, often typical of earlier-stage or lower-risk projects).

Developments beyond defence

Interest rate cuts may be an additional catalyst for SSIT's re-rating

While the growing integration of space technologies into defence is a key driver for SSIT, it is not the only supportive trend. The return of a Trump presidency has added pressure on European governments to meet NATO's 2% defence spending target, further boosting sector demand. At the same time, renewed tariff tensions have prompted speculation that central banks may lean towards looser monetary policy (i.e. lower interest rates and/or increased liquidity) to cushion potential hits to global growth – another potential tailwind for risk assets.

We have already seen the European Central Bank (ECB) cut interest rates by 0.25% in April, bringing the Eurozone rate down to 2.25% – the seventh rate cut since June 2024. The ECB noted that "the outlook for growth has deteriorated owing to rising

trade tensions" and that these tensions are likely to have a "tightening impact on financing conditions" for European consumers and businesses.

Given the interest rate sensitivity of high-growth sectors like SpaceTech, any reduction in rates would likely act as a strong catalyst for renewed investor interest and capital inflows.

Many of SSIT's portfolio companies operate in areas of space technology with relatively few direct competitors and strong technical differentiation. This positioning can offer pricing power (the ability to maintain or raise prices without losing customers), particularly with government and defence customers who prioritise performance and reliability. While parts of the sector are becoming more commercialised and accessible, SSIT's holdings are largely focused on areas where specialist expertise and intellectual property continue to offer a meaningful advantage.

2025 Interim results

SSIT has recently released its semi-annual results, for the six months end 31 December 2024. Over the period SSIT has generated positive NAV growth, up 5.1% on a per share basis, as well as making four new follow-on investments in its existing holdings. SSIT has generated a share price return of 2.8%, reflecting the widening of its discount over the period. We break down the drivers of these returns on pages 9-12.

Investment activity

Over the period SSIT made a total of £5.1m in new investments, developed across four of its existing holdings, as well as one disposal.

- **ALL.SPACE – £3.8m invested**

ALL.SPACE develops advanced satellite terminals (these are devices that allow users on the ground to connect to satellites in space for communication, data, or internet services and are essentially the ground-based endpoint of a satellite communication system) capable of providing full-performance connectivity across multiple orbits simultaneously. The ability to rapidly deploy secure, resilient communications infrastructure has clear defence applications, and the company is already supplying both European and US military clients. In August, ALL.SPACE raised $44m to support its transition from R&D to commercial rollout – funding in which SSIT participated to maintain its position ahead of this critical scale-up phase.

- **Xona Space Systems – £0.8m invested**

Xona Space Systems is developing a next-generation GPS satellite constellation – another example of a dual use service (serving both military and civilian users). Xona completed a £12.5m fundraising in December, to which SSIT contributed $1m. With the funds raised, Xona plans to accelerate the development of its constellation, including securing orders for the next batch of satellites and the launch slots needed to place them into orbit.

- **ChAI – £0.3m invested**

ChAI is a web application that provides its users with impartial materials and energy price predictions made using AI, utilising a range of data from satellite imagery to the China 300 Index (one of the most widely followed equity benchmarks in China). SSIT contributed half of the £0.6m capital raise that ChAI completed in December, which the company intends to use to write its first commodity insurance product (coverage protecting against adverse movements in commodity prices).

- **Skylo – £0.2m invested**

Skylo is a non-terrestrial network provider (i.e. space-based telecoms), offering satellite-based connectivity across sensor data and SMS, and soon voice communication. Skylo completed a $30m funding round in December, to which SSIT contributed $0.3m, with the capital earmarked to accelerate its growth plans.

- **Astroscale – 47% of position sold at a 22% premium to the IPO price**

SSIT has realised part of its investment in Astroscale, the Japanese on-orbit servicing company focused on space debris removal. Following an oversubscribed IPO on TOPIX in June 2024, SSIT sold 47% of its holding for £3.5m - equivalent to 78% of its original sterling cost and a 22% premium to the initial public offering (IPO) price.

Top holdings

Figure 4: SSIT 10-largest holdings as at 31 December 2024

Stock	Subsector	Country	As at 31/12/24 (%)	As at 31/12/24 (£m)	As at 30/06/24 (£m)	Change (£m)
ICEYE	Platform/Earth observation	Finland	21.9	52.4	47.8	4.6
D-Orbit	Launch/in-orbit services	Italy	13.5	32.4	33.1	(0.7)
ALL.SPACE	Downlink/ground terminals	UK	11.9	28.5	24.1	4.4
HawkEye 360	Platform/Earth observation	US	9.2	22.0	21.5	0.5
LeoLabs	Product/data platforms	US	5.5	13.1	12.9	0.2
SatVu	Platform/Earth observation	UK	4.7	11.2	11.2	0.0
AST SpaceMobie	Satcoms	US	3.1	7.4	4.4	3.0
Xona Space Systems	Platform/navigation	US	2.6	6.2	5.3	0.9
PlanetWatchers	Analyse/data analytics	UK	2.0	4.9	4.8	0.1
Seraphim Space Ventures II	Various	UK	1.7	4.0	3.9	0.1
Total			75.9	182.0	169.2	12.8

Source: Seraphim Space

Portfolio developments

As noted in our previous update note, several of SSIT's portfolio companies are making operational progress, with some demonstrating improved revenue

performance and clearer paths toward EBITDA profitability. SSIT's manager notes that several portfolio companies continue to hit key commercial and technical milestones, with many reporting strong revenue growth over the period.

Nearly $400m was raised by SSIT's portfolio companies over the last six months of 2024

Over the past six months, nearly $400m was raised across SSIT's portfolio companies, approximately $225m by private firms and $165m by listed firms. The participation of a broad mix of investors, including both existing backers and new entrants, reflects continued interest in the space technology sector and growing confidence in the commercial traction of the portfolio.

SSIT's portfolio continues to mature, with 71% of NAV now classified by the manager as having a robust cash runway. As of December 2024, 61% of the portfolio is considered fully funded through to EBITDA profitability, with a further 11% having at least 12 months' funding. In company terms, the manager notes that eight holdings are now fully funded to this point, two more than at the end of June 2024.

Eight portfolio companies, representing 21% of NAV at the end of December 2024, remain unfunded. These companies are actively seeking new funding opportunities or potential strategic alternatives, while also working to reduce cash burn (the rate at which a company uses up its cash reserves) and extend their cash runways.

Performance

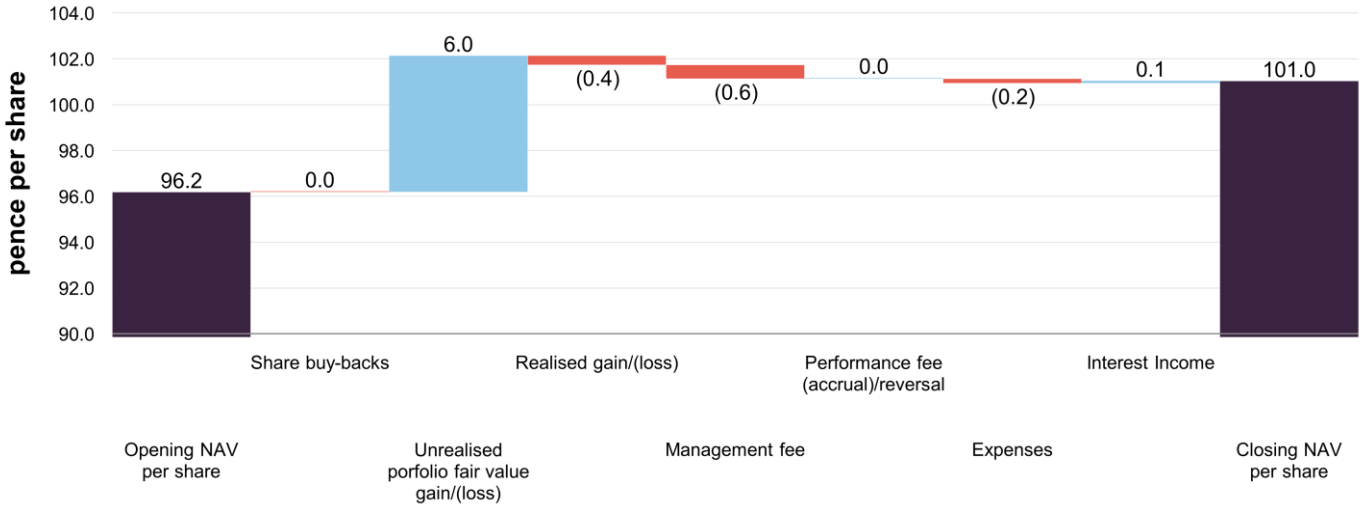
As of 31 December 2024, SSIT reported a total NAV of £239.7m (101.04p per share), representing a 5.1% increase from the £228.1m (96.18p per share) NAV that SSIT reported six months earlier. As was the case when we last published, the largest contributor to this growth was unrealised fair value gains within its portfolio (i.e. increases in the estimated value of investments that haven't yet been sold).

Since our last note, unrealised gains have played a larger role in SSIT's NAV uplift – a positive indicator of both the manager's stock selection and growing demand across the SpaceTech sector, as discussed on page 5.

The breakdown of the changes in the fair value of SSIT's individual holdings over the period can be seen in Figure 6. The total value of SSIT's portfolio companies increased by 7.5% over the period, from £187.4m to £201.5m. Only one investment, D-Orbit, reported a decline in its valuation, as its most recent fundraising was a down round (a funding event in which shares are sold at a lower price than in previous rounds). However, we note that D-Orbit's valuation is still 278% higher than SSIT's cost basis even after the recent reduction. As of the end December 2024, the fair value of all but one of SSIT's top 10 holdings was above its reported cost.

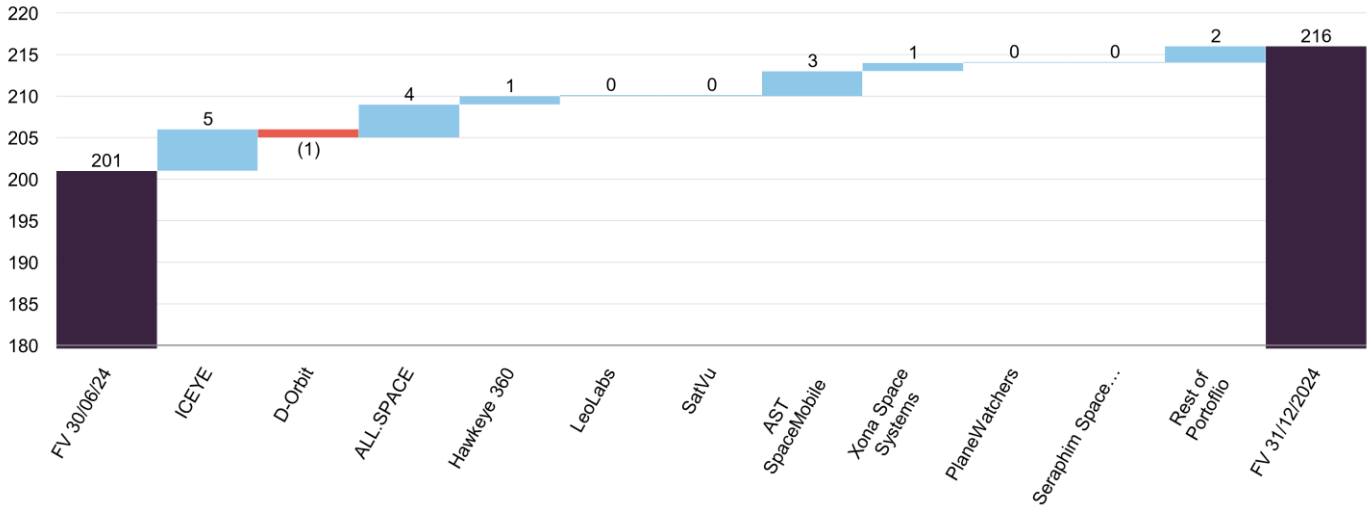
SSIT's portfolio companies do not generally follow fixed valuation schedules (such as quarterly reappraisals). Instead, fair values are updated in response to specific events – such as funding rounds, commercial milestones, or material operational developments. While this approach limits unnecessary NAV volatility, it can lead to periods where a holding's valuation does not see any fair value progression.

Figure 5: NAV per share movements



Source: Seraphim

Figure 6: Investment portfolio movements



Source: Seraphim

Portfolio returns

SSIT's positive NAV growth was driven by unrealised returns

Since its inception on 14 July 2021, SSIT has delivered a NAV total return of 3.1%, as of 31 December 2024. While SSIT's listed equality allocation has been a detractor to SSIT's performance, it has been more than offset by the increase in the value of its unlisted portfolio. The performance of its listed equity portfolio can be attributed to the write-down in the value of SPACs (Special Purpose Acquisition

Companies – shell companies used to take private firms public) that SSIT invested in early in its life as well as fundamental issues with certain stocks. However, the gains within its private portfolio have more than offset these losses, with SSIT's NAV now above its IPO level. The value of SSIT's private portfolio is now up 130.4% versus its total cost.

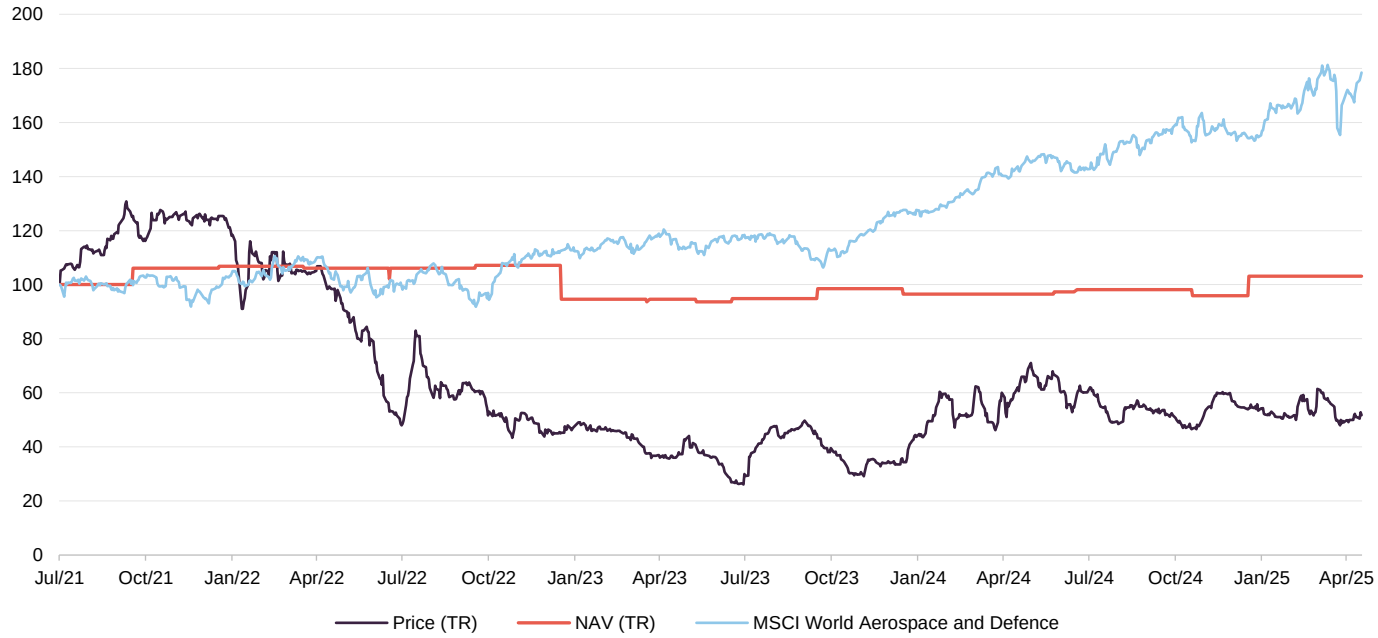
Given the clear overlap between advancements in SpaceTech and the needs of the defence industry, we have chosen to include the MSCI Aerospace and Defence Index in Figures 7 and 8. As shown, the index had only marginally outperformed SSIT's NAV up until October 2023, after which it experienced a sustained increase in performance. The catalyst for this shift was the outbreak of the Israel-Gaza conflict in October 2023. Since then, geopolitical tensions have shown little sign of easing, and demand for defence stocks has seemingly increased in response.

SSIT's NAV is yet to catch up with the re-rating of the listed defence and aerospace sector

Given that SSIT's NAV has remained effectively flat since October 2023, one could argue that the index's outperformance may signal the potential for future NAV upgrades for SSIT. This is supported by the SSIT team's belief that approximately 70% of its portfolio has defence applications, and by the fact that its investee companies continue to demonstrate growing profitability.

The index's outperformance may also reflect the complex nature of SSIT's holdings and the periodic nature of their valuations. However, given the evident investor appetite for defence-related exposure, it may only be a matter of time before SSIT's valuations catch up with some of its listed peers.

Figure 7: SSIT performance since launch



Source: Morningstar, Marten & Co

Figure 8: SSIT performance over periods ended 30 April 2025

	3 months (%)	6 months (%)	1 year (%)	3 years (%)	Since launch (%)
Price	1.5	2.8	12.2	(47.3)	(44.8)
NAV[1]	0.0	5.1	6.8	(3.5)	3.1
MSCI World Aerospace and Defence	13.7	12.6	24.1	59.7	75.3

Source: Morningstar, Marten & Co. 1) NAV performance is based on the latest NAV valuation, as of 31 December 2024. SSIT commenced trading on 14 July 2021

Dividend

SSIT is capital growth focused, and dividends are unlikely

SSIT aims to produce capital growth. Its investments are in growth-stage SpaceTech companies, so it is unlikely to pay dividends beyond those necessary to maintain its investment trust status (a legal requirement to retain its tax benefits). SSIT's revenue losses of 0.68p per share over the six months to 31 December 2024 were lower than the 0.80p reported in the prior semi-annual results. While this does indicate that dividends are unlikely to be paid in the future, the declining revenue losses is a good indicator for the improving maturity of its invested companies. All previous revenue losses would need to be covered by revenue earnings before SSIT could pay a dividend.

Premium/(discount)

Over the 12 months ended 30 April 2025 SSIT's shares traded within a range of a 52.5% discount to NAV to a 24.9% discount, averaging at a 42.2% discount. On 28 May 2025, SSIT was trading at a 27.8% discount.

SSIT's discount may make it an attractive entry point given the increased demand from defence sectors

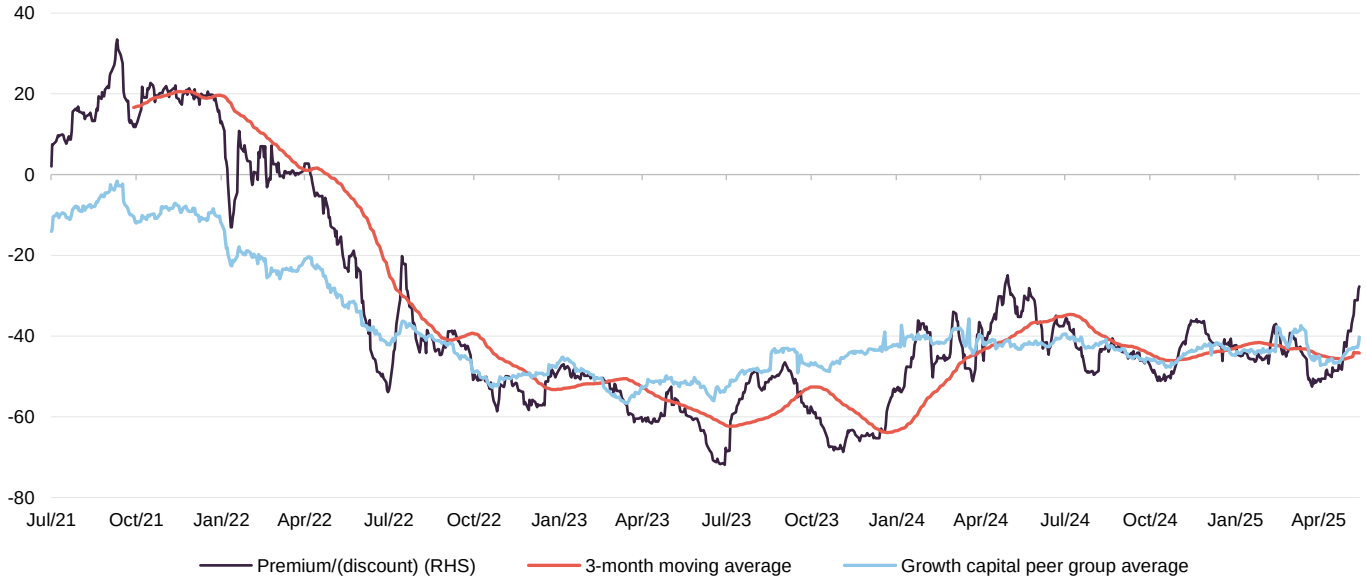
While SSIT briefly traded at a premium to NAV following its IPO in July 2021, the broader growth stock sell-off in 2022 – driven by rising inflation and increasing interest rate expectations – caused it to shift to trading at a discount to NAV. SSIT's discount peaked in July 2023 at 72%, but the subsequent easing of monetary policy in developed markets during 2024 has seen the discount narrow significantly, although it still remains wide (SSIT's three-month average discount is 45%).

While SSIT continues to trade at a wide discount to NAV, it is worth noting that its discount has been broadly consistent with that of the wider growth capital sector over the past year. However, SSIT offers a more differentiated proposition than many of its peers and, with a portfolio focused on space technologies increasingly relevant to defence, surveillance, and communications, the discount looks overdone in our view.

We think that, as investor interest in dual-use technologies grows – driven by rising global defence budgets and geopolitical tensions – SSIT may be well-placed to benefit and could see its discount narrow faster than that of the broader peer group. We have already begun to see SSIT's discount narrow over the month of May, likely thanks to the recent announcements regarding the success of its underlying companies, and Seraphim's own research on the opportunities in defence.

SSIT has continued to reinforce its value proposition to the market, with recent share purchases by Chair Will Whitehorn and another board member underscoring their confidence in the company's long-term prospects.

Figure 9: SSIT premium/(discount) from launch to end 28 May 2025



Source: Morningstar, Marten & Co

Fund profile

More information is available on the trust's website investors.seraphim.vc

SSIT aims to generate capital growth over the long term through investment in a diversified international portfolio of SpaceTech businesses (which SSIT defines as entities that rely on space-based connectivity and/or precision, navigation, and timing signals or whose technology or services are already addressing, originally derived from, or potentially benefiting, the space sector).

SSIT was launched in July 2021, hitting its capital raise target, and started life with cash of about £178.4m. Total assets at the end of April 2025 were £239.7m.

SSIT's AIFM is Seraphim Space Manager LLP (Seraphim).

Measuring success

SSIT is targeting annualised NAV returns of 20% over the long term. The trust has no formal index benchmark but given the subject matter of this note we have compared it with the MSCI World Aerospace and Defence for simplicity's sake. The company also compares itself to the MSCI World Aero and Defence Index.

Previous publications

We published our initiation note for SSIT, Science fiction becoming science fact, on 14 August 2024, which can be read here. We also published our first update note, Entering orbit, on 07 November 2024, which can be read here.

QuotedData

BY MARTEN & CO

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