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Monks Investment Trust: manager insights

September 2025

Monks' manager Spencer Adair discusses the Trust's performance in 2025 and outlines repositioning away from discretionary spenders toward resilient domestic consumption and AI-driven growth opportunities, with diversified contributors and valuations near decade lows.

Spencer Adair: Hello and welcome to the Monks Investment Trust update. My name is Spencer Adair, and I am the manager of Monks.

In this short video, I will update you on our latest performance, how we're positioning the portfolio today, and how we are remaining reward-seeking as we pursue long-term capital growth for shareholders.

Performance

The purpose of Monks is to compound our shareholders' capital at attractive rates over the long term.

It is pleasing to note that in the year to the end of July, the portfolio has delivered a net asset value and share price return of around +16%, outperforming the index by +3%.

This strong progress over the last 12 months was driven by contributions from a reassuringly diverse collection of shareholdings, including cloud software and services company **Cloudflare**, the heating, air conditioning and ventilation equipment installer **Comfort Systems**, and social media and advertising giant **Meta**. Among the most notable contributors was **DoorDash**, the US food delivery company, which has grown to dominate nearly 70% of the market and processes an astonishing 640 million orders every quarter. The company remains ambitious, and it’s growing into new markets like grocery delivery and it’s expanding overseas.

Now, of course, not all companies thrive all the time. **Enphase**, the provider of solar energy systems, suffered from a deterioration in the regulatory and political backdrop. Unhelpful developments occurred at health insurer **UnitedHealth**, where poor results were compounded by a withdrawal of guidance and the replacement of the CEO. Now, where we believe that these challenges will be long-lasting and will impact the compounding potential of the holdings, over the next several years, we will simply sell and move on. But, in balance, overall performance was positive, both in absolute and relative terms.

Positioning

President Trump's dramatic announcement of the ‘Liberation Day’ tariffs in April this year stoked market volatility but served to amplify several longer-term trends – interest rates may remain higher than expected, global trade is very likely to be more fractious, and populism remains on the rise. Amidst this, we've strategically repositioned the portfolio. For example, before Liberation Day, we've shifted focus from Western brands reliant on cross-border trade, such as **Adidas** or **Estée Lauder**. Instead, we are leaning into buying domestic consumption stories, like in China, where we have new investments in companies such as **Moutai**, the leading Baiju spirits manufacturer.

We are deliberately positioning the portfolio to thriv, amid elevated levels of uncertainty and building resilience against a widening range of potential scenarios. Specifically, this year, we have moved away from companies where the investment case relies on high levels of discretionary spending. For instance, we’ve sold Yeti, the high-end drinkware company, and Norwegian Cruise Lines, the cruise holiday operator.

Reward seeking

Enhancing the portfolio’s resilience does not mean that we are defensive, not for one moment. We're opportunistic. We have continued to lean heavily into areas where we can see long-term, structural growth regardless of the geopolitical weather. Artificial Intelligence (AI) is revolutionising industries, and we're at the forefront. The way that software code is being written and developed has already been transformed. And Monks has an intentionally wide and varied exposure to companies that power, build and benefit from AI, from semiconductor businesses to enterprise software providers.

We've been also active in recycling the Trust's capital. We've trimmed successful holdings like **Spotify** in music streaming and **MercadoLibre** in e-commerce to reinvest in the likes of **Uber**, that is poised to transform urban mobility and really accelerate its growth. And strengthened positions in **Royalty Pharma** in drug royalties and **B3**, the Brazilian exchange operator.

This all enhances our growth potential, and they broaden the portfolio's base of growth drivers and they reduce our valuation premium. Now the valuation premium is now at its lowest level in several years, in fact, it's almost at a decade low. Importantly, we have not compromised either our growth expectations – the portfolio is forecast to grow around +40% faster than the market in the years ahead – nor have we compromised on the quality of the businesses we own. Our portfolio holdings' balance sheets are fortress strong with low levels of debt, while margins and returns are superior to the market.

Outlook

So our performance is promising, but we're focused on the long term. With increased net gearing and a steadfast commitment to strategic buybacks, we're set to maximise shareholder returns.

We have continued to upgrade the portfolio. It is financially resilient, it captures a really broad and broadening range of growth drivers, and it is set up to deliver superior growth for a valuation close to a ten-year low.

Monks shareholders are well-positioned to thrive across a variety of scenarios in the year ahead. So, thank you for your ongoing support. Join us on this exciting journey by visiting our website for more insights at www.monksinvestmenttrust.com.

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Annual past performance to 30 June each year (net%)

	2021	2022	2023	2024	2025
Monks Investment Trust	30.2	-32.1	6.8	19.6	9.7
Net Asset Value	37.2	-26.8	9.1	17.9	9.2
FTSE World Index	25.5	-2.8	13.5	21.1	7.8

Source: Morningstar and FTSE. Share price, total return, sterling.

Past performance is not a guide to future returns.

Gearing

Gearing is the ratio of a business's or investment trust's capital in relation to its borrowing. If a business is taking part in gearing, it borrows money to fund operations. Gearing is commonly used with investment trusts where the company borrows to increase the potential for a gain from an investment.

Buybacks

When a company buys its own outstanding shares to reduce the number of shares available on the open market. This typically takes place when a Trust is trading at a discount.

Risk factors

The views expressed should not be considered as advice or a recommendation to buy, sell or hold a particular investment. They reflect opinion and should not be taken as statements of fact nor should any reliance be placed on them when making investment decisions.

This communication was produced and approved in August 2025 and has not been updated subsequently. It represents views held at the time and may not reflect current thinking.

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The value of its shares, and any income from them, can fall as well as rise and investors may not get back the amount invested.

The specific risks associated with the Monks Investment Trust include:

- The Trust invests in overseas securities. Changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.
- The Trust invests in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.
- Unlisted investments such as private companies can increase risk. These assets may be more difficult to sell, so changes in their prices may be greater.
- The Trust can borrow money to make further investments (sometimes known as "gearing" or "leverage"). The risk is that when this money is repaid by the Trust, the value of the investments may not be enough to cover the borrowing and interest costs, and the Trust will make a loss. If the Trust's investments fall in value, any invested borrowings will increase the amount of this loss.
- Market values for securities which have become difficult to trade may not be readily available and there can be no assurance that any value assigned to such securities will accurately reflect the price the Trust might receive upon their sale.
- The Trust can make use of derivatives which may impact on its performance.
- Share prices may either be below (at a discount) or above (at a premium) the net asset value (NAV). The Company may issue new shares when the price is at a premium which may reduce the share price. Shares bought at a premium may have a greater risk of loss than those bought at a discount.

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- The Trust can buy back its own shares. The risks from borrowing, referred to above, are increased when a trust buys back its own shares.

For a Key Information Document for the Monks Investment Trust, please visit our website at www.bailliegifford.com

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