Baillie Gifford™

Monks Q2 investment update

July 2025

Investment specialist Jon Henry gives an update on the Monks Investment Trust covering Q2 2025.

Your capital is at risk. Past performance is not a guide to future returns.

Jon Henry: Hello and welcome to this quarterly update for the Monks Investment Trust. I'm Jon Henry, an investment specialist at Baillie Gifford. In this short video, we'll update you on the latest performance, how we're positioning the portfolio, and how we remain reward-seeking as we pursue long-term capital growth for shareholders.

In what has been a volatile year to date, it's pleasing to note that the portfolio has outperformed meaningfully in the latest quarter and is ahead of the index year to date. Indeed, the second quarter to the end of June, the net asset value total return was around 10 per cent approximately 5 per cent ahead of the index.

This positive progress was driven by contributions from a reassuringly diverse collection of holdings, including cloud software and services companies **Datadog** and **Cloudflare**, Japanese digital media business **CyberAgent**, and **Comfort Systems**, a heating, air conditioning and ventilation equipment installer. Among the most notable contributor was **DoorDash**, the US food delivery company, which has grown to dominate nearly 70 per cent of the market and processes an astonishing 640 million orders every quarter. The company remains ambitious and is growing into new markets in grocery delivery and expanding overseas.

Not all holdings have thrived. 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. But overall, performance was positive in both absolute and relative terms.

President Trump's dramatic announcement of the Liberation Day tariffs in April stoked market volatility and served to amplify several longer-term trends. Higher interest rates remain persistent, global trade is likely to be more fractious, and populism is on the rise. Our long-term, bottom-up investment approach, seeking to own shares of companies that we think can grow their earnings faster than the market, has not changed. But we do recognise that from here, there is a wider range of outcomes for investors. Therefore, we are deliberately positioning the portfolio to thrive amid

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elevated levels of uncertainty and building resilience against a widening range of potential scenarios.

Specifically, over the quarter, we've continued to move away from companies where the investment case leans 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.

Importantly, enhancing the portfolio's resilience does not mean becoming more defensive. We've therefore been active in two areas. The first has been to take advantage of market volatility to opportunistically trim companies that performed well. This includes the likes of **Spotify**, Music Streaming, and **MercadoLibre** in South American ecommerce. We've actively invested those proceeds into a new position at **Uber**, the ride-hailing business.

The market appears to underappreciate Uber's longevity and robustness, while we believe the company has the potential to transform urban mobility and become a major player in the future of autonomous transport. Elsewhere, we've added two existing positions in **Royalty Pharma** in biotech funding, **Applovin** in advertising, and **B3**, the Brazilian financial exchange. This has served to broaden the portfolio's base of growth drivers and reduce its valuation premium, which is now at its lowest level for several years. Importantly, we've not compromised either our growth expectations, the portfolio is forecast to grow its earnings around 40 per cent faster than the market in the years ahead, or the quality of the businesses we own.

The second is that we've continued to lean heavily into areas where we can see long-term structural growth, regardless of the geopolitical weather. This includes the consistent improvement and broadening application of artificial intelligence. For instance, the way that software code is written and developed has already been transformed. Our search for beneficiaries of this revolution has led us to a new holding in **EPAM Systems**, a provider of software engineering services. Monks has an intentionally wide and varied exposure to companies that power, build, and benefit from AI, from semiconductor businesses to enterprise software providers.

While this recent recovery in short-term performance over the quarter is pleasing, we're resolutely focused on ensuring that this continues to compound into a more meaningful, longer-term recovery. The portfolio is resilient, well-balanced across a range of growth opportunities and aligned with deep structural growth opportunities that will outlast geopolitical gyrations. We've upgraded the portfolio, we think this leaves Monks' shareholders well-positioned to thrive across a variety of macroeconomic scenarios.

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The Monks Investment Trust PLC Annual Past Performance to 30 June each year (net %)

	2021	2022	2023	2024	2025
Share Price	30.2	-32.1	6.8	19.6	9.7
NAV	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, FTSE. Total return in sterling.

Past performance is not a guide for future returns.

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The specific risks associated with the Trust include:

- 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.
- 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.
- 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.
- 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.
- 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.
- The aim of the Trust is to achieve capital growth. You should not expect a significant, or steady, annual income from the Trust.
- The Trust is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority.

A Key Information Document is available at bailliegifford.com.

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