

Baillie Gifford™

The Monks Investment Trust PLC

Philosophy and Process



For professional
use only.

Potential for profit and loss

All investment strategies have the potential for profit and loss, your or your clients' capital may be at risk.

This is a marketing communication and should not be considered as advice or a recommendation to buy, sell or hold a particular investment.

This communication contains information on investments which does not constitute independent research. Accordingly, it is not subject to the protections afforded to independent research and Baillie Gifford and its staff may have dealt in the investments concerned.

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Company information

Company aims

The objective of Monks is to invest globally to achieve capital growth. This takes priority over income and dividends. Monks seeks to meet its objective by investing principally in a portfolio of global quoted equities. Equities are selected for their inclusion within the portfolio solely on the basis of the strength of the investment case.

As with any investment, your clients' capital is at risk. A Key Information Document is available by contacting us.

Company details

SEDOL	3051726
ISIN	GB0030517261
AIC sector	Global Growth
Comparative index	FTSE World Index (in sterling terms)
Launch date	1929
Year end	30 April
AGM	August/September
Results announced	June and December (Typically)
Dividends paid	August/September (If any)
Management details	Baillie Gifford & Co Limited are appointed as investment managers and secretaries to the company. The management contract can be terminated at six months' notice.
Annual management fee	0.45% on the first £750 million of total assets, 0.33% on the next £1 billion of total assets and 0.30% on the remaining total assets

Company history

Monks was incorporated in 1929 and was one of three investment trusts founded in the late 1920s by a group of investors headed by Sir Auckland (later Lord) Geddes. The other two investment trusts were The Friars Investment Trust and The Abbots Investment Trust. The company secretary's office was at 13/14 Austin Friars in the City of London, hence the names. Sir Auckland Geddes was a former Professor of Anatomy who, during the First War, had become Director of Recruiting at the War Office. He then went on to become a Unionist MP and a Cabinet Minister as President of the Board of Trade.

The Company's first investments included large holdings of railway and energy companies in the UK, USA, Germany, Australia and South America, and also investments in Chinese Government bonds and Hungarian bonds. The geographic split in the first year was 29% UK, 18% Europe, 13% The Commonwealth, 10% USA, 12% Latin America, 6% Asia, 2% Africa and the remainder in other international markets. Half was invested in ordinary shares and half in fixed interest stocks and preference shares.

In 1931, Baillie Gifford & Co took over the management of all three companies and Monks became a founder member of the Association of Investment Trusts in 1932, of which Carlyle Gifford, the co-founder of Baillie Gifford & Co, was Deputy Chairman. Before the Second World War there were two issues of debentures stocks in 1933 and 1935. By 1935 the UK portion had risen to 46% and investments in ordinary shares accounted for 59%. There were restrictions on foreign holdings during the Second World War but by 1957 investment in the USA had increased to 31%.

In 1968, under a Scheme of Arrangement, the three trusts were merged with Monks acquiring the ordinary share capital of Friars and Abbots. Monks continues to invest on a global basis with a view to achieving capital growth.



Philosophy

Our investment philosophy is to make long-term investments in well-managed businesses which enjoy sustainable competitive advantages. Our core belief is that share prices ultimately follow earnings. For this reason, we aim to select stocks that offer the prospect of sustainable, above average growth in earnings and cash flow. Our 'growth hurdle' is to look for companies which we believe have the potential to at least double over our five-year investment time horizon. We are patient investors; we believe we can deliver greater outperformance for our clients by assessing a company's prospects for sustainable growth rather than by predicting short-term share price movements or macroeconomic trends.

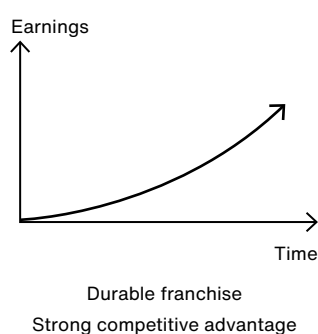
We have an open-minded approach to growth: we recognise that companies grow at different rates and at different times – we embrace the diversity of growth opportunities available to us. We place all the stocks in the portfolio in one of three 'growth

profiles': growth stalwarts, rapid growth and cyclical growth. Our growth profile framework helps to set expectations and ensure there is an appropriate diversity of growth across the portfolio. We expect companies in each profile to exhibit different characteristics and perform differently across the market cycle.

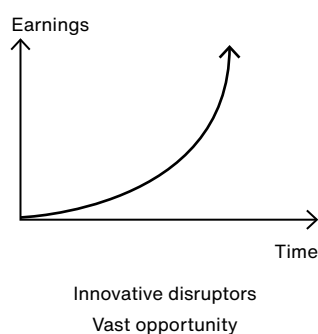
For each investment in the portfolio we construct a 'forward-looking hypothesis'. The purpose is to concisely lay out the core of the investment thesis and ensure a resolute focus on the progress of a company towards our long-term growth expectations. We continually retest the thesis as new information about a company arises and in context of the forward-looking hypothesis.

Monks stock growth profiles

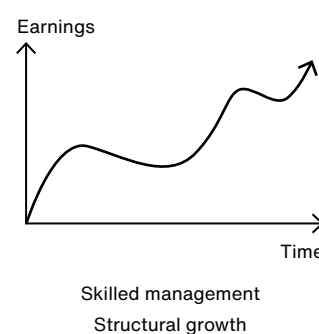
Growth stalwarts



Rapid growth



Cyclical growth



Process

Research

The Monks Investment Trust is managed by the Global Alpha Team at Baillie Gifford. The Global Alpha investment managers and analysts spend the majority of their time researching stock ideas.

The team also leverages the work and experience of the wider Baillie Gifford research teams through our trusted advisor network, drawing on the stock ideas and insights generated by their individual teams. The advisors fall into two groups aligned with either disruptive or flexible growth strategies. Further research is then conducted on stocks which the Global Alpha Team believe may merit inclusion in the portfolio.

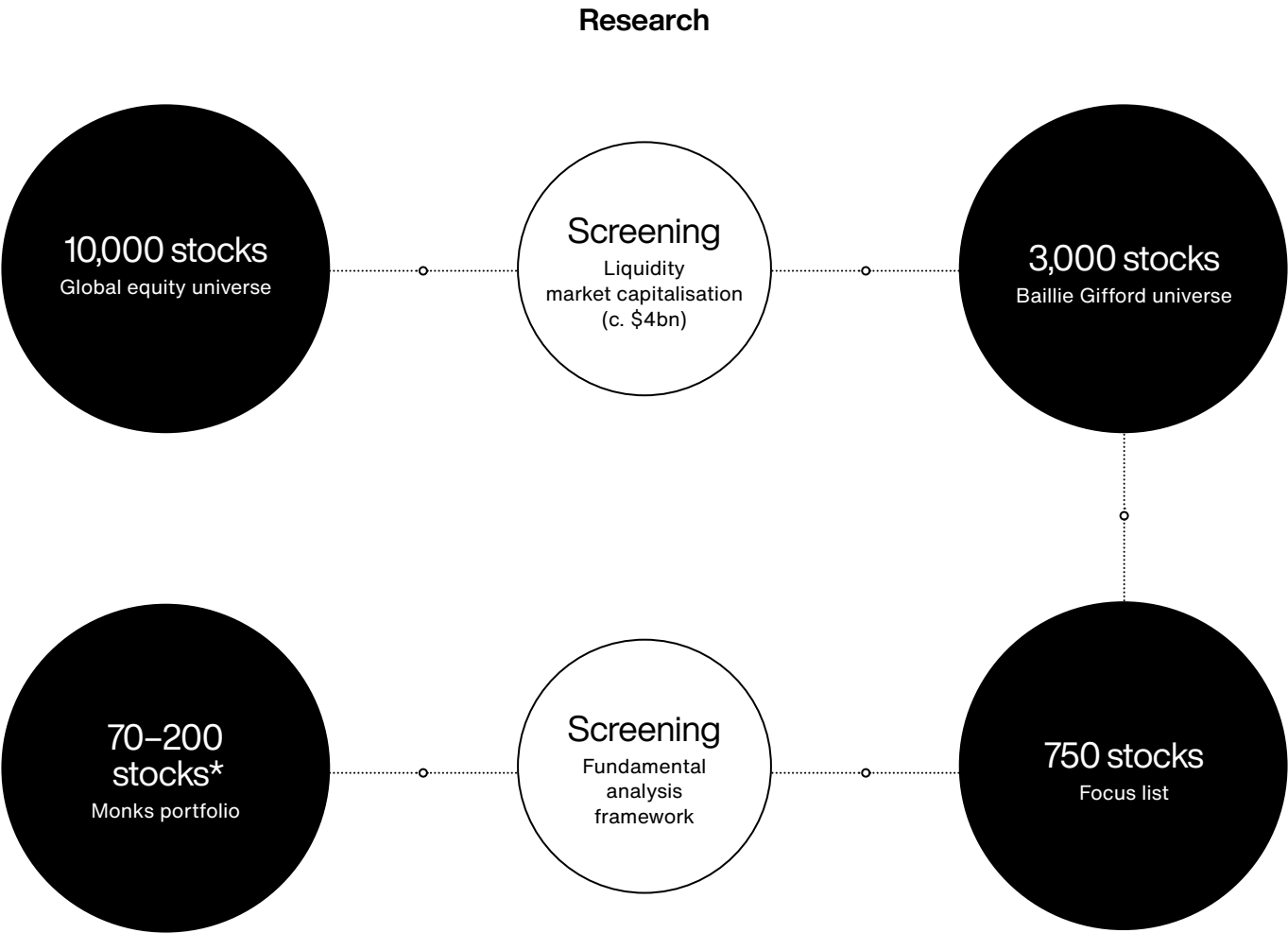
The Portfolio Review Group (PRG) consists of the Global Alpha investment managers and dedicated analysts, together with the trusted advisors. Occasionally, a topical guest from the broader Baillie Gifford investment floor may also attend to address specific areas of interest.

At the PRG meetings, which we alternate between the two growth groups and occur roughly every six weeks, all members show their enthusiasm for stock ideas by ranking the stocks that are currently in the portfolio and those that they think warrant inclusion in the future. Ideas are debated in a global context, and where more work needs to be done, the investment managers can either take this forward themselves or ask our advisors to undertake the work within their teams.

The qualitative examination of companies is critical to the company research and selection process. We have an extensive programme of company meetings and we aim to meet with all our major holdings at least once a year. All the research undertaken at Baillie Gifford is generated internally, using a wide range of sources including the companies themselves. For every investment under consideration we analyse three aspects – the opportunity available to the company, its ability to execute on that opportunity and the valuation of the business.

Fundamental analysis framework

Opportunity	Industry background, competitive advantage
Execution	Financial strength, management attitudes
Valuation	Is it in the price?



*Guideline range

Portfolio construction

The co-managers have ultimate responsibility for portfolio construction and performance.

Following debate within the PRG, they consider four questions of each potential holding when constructing the portfolio:

01

How does the business compare globally?

Designed to assess how the business stacks up against its global peers. It may be the best investment in its home region, but could we do better by broadening our horizons?

02

Is it sustainable?

This question is deliberately broad, designed to identify any aspect of the investment case which may impact on a company's ability to compound growth many years into the future.

03

What does it add to the portfolio?

Designed to seek out whether the stock is bringing a new theme to the portfolio (we are particularly keen to look for attractive diversifiers) or whether it is replicating an investment already held.

04

Where do we differ from the market?

Designed to establish whether the growth potential of the stock is already reflected in the share price.

Careful consideration is given to the holding size of individual investments. We have three broad groups of holding size: circa 0.5% holdings, circa 1% holdings and circa 2%+ holdings. This is explained in more detail in the risk section of this document.

Our sell decisions are generated by frequent re-examination of our holdings. We particularly look for an adverse change in the fundamentals of the business, a loss of confidence in management or valuations where we think the market fully reflects our long-term view.

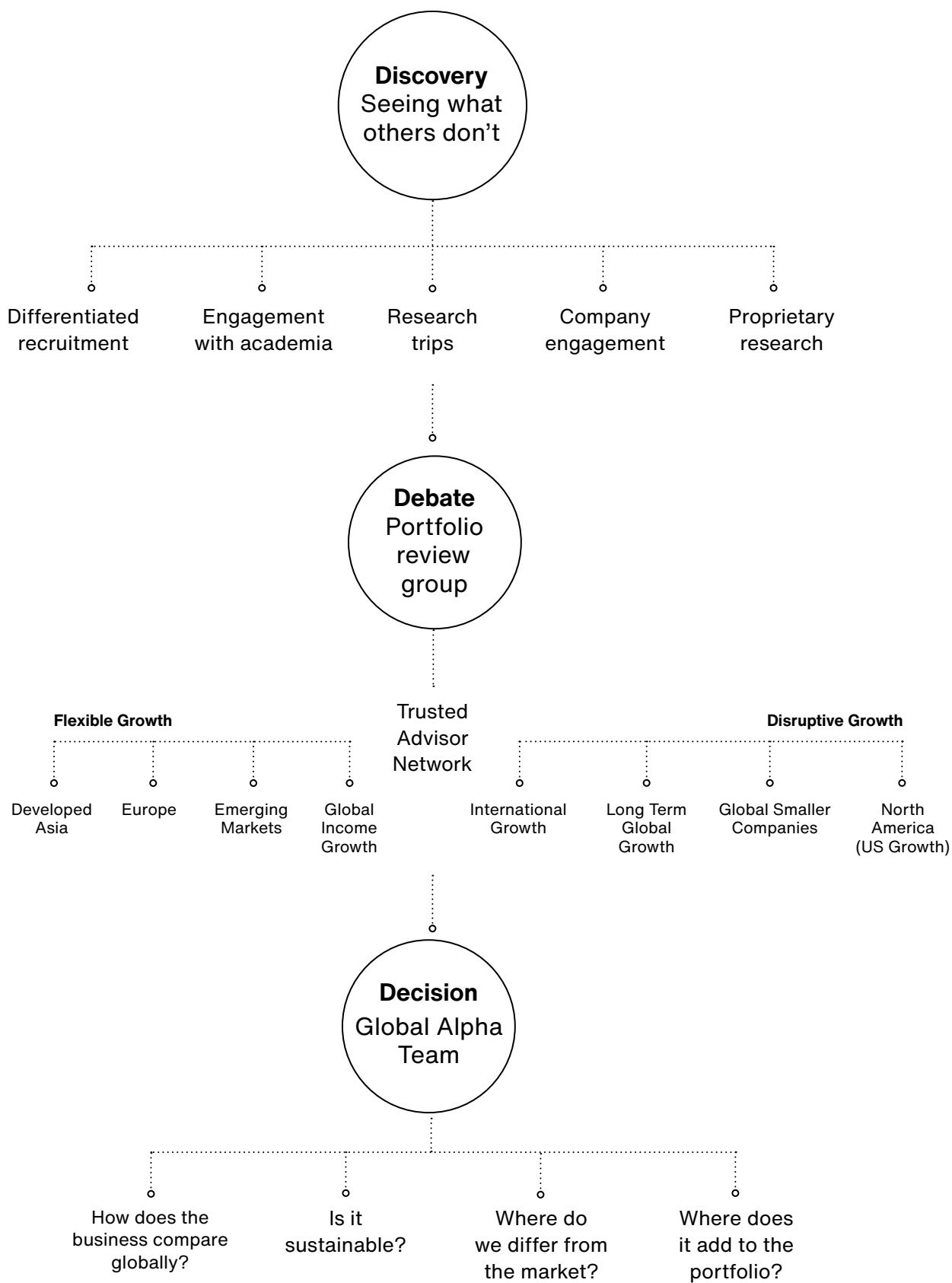
Our 'growth category' analysis also enables us to question whether a company is performing in line with our expectations and, if not, whether a sale is appropriate.

The structure of the PRG, which is strengthened by the knowledge of our regional equity and research teams, ensures that we conduct timely reviews of stocks and that decisions can be implemented quickly and on an informed basis.

Asset allocation is stock driven on a bottom-up basis. As a result, asset allocation across the world's industries and regions is a function of where we identify the most attractive investment ideas. On an informal basis we have deliberately selected wide ranges for the portfolio relative to index weights at a regional level – holding up to 20% more than the index weight in a region. There is no minimum – so we are not forced to invest in a region if we cannot find any attractive stocks in it.



Portfolio construction process



Our competitive advantages

01

People

Our people are fundamental to our success, and our partnership structure brings sustainable advantages in the recruitment and retention of staff.

Baillie Gifford's partnership structure has provided the foundation for an enviable record of corporate stability. It is also a significant factor in our success in attracting and retaining the very best investment talent. Our selection policy is based on intelligence rather than allegedly relevant specialisation, leading to recruitment of individuals from a wide range of academic disciplines. By training our analysts and investment managers in-house we manage to combine a common culture with an atmosphere that encourages vigorous debate. The firm's values and beliefs are clearly communicated and, coupled with low staff turnover and long service.

02

Investment research information

We believe that while access to information is important to an investment manager, how we use that information is more so.

We recognise that all investment institutions have access to the same information and that it is our analysis of this information which adds value for our clients. In addition, we gain insights into business models and the competitive advantages of companies by attending around 1,600 company meetings each year. Company meetings are key to our idea generation, research and stock selection process as they help us understand a company in greater depth. We are cognisant of the pitfalls of confirmation bias and market noise. Rather than being guided by the mood of the market, we think independently and make more informed stock picking decisions for the long-term benefit of our clients.

03

Location

Having the majority of our decision makers in Edinburgh enables us to share views and ideas easily and efficiently. In addition to this, our common approach to research across departments helps provide an outstanding framework to allow us to select stocks effectively on a global basis.

Risk management

Fundamental and portfolio risk

An understanding of company fundamentals

We recognise that one of the most significant risks within the portfolio is the permanent loss of our clients' capital and we therefore place significant emphasis in our investment management process on understanding the fundamentals of the companies in which we invest, and of the industries in which they operate.

Diversification

We ensure that we have a prudent level of diversification across stocks, industries and regions. Our investment guidelines, featured on page 9, are deliberately broad. This affords our investors the freedom to only invest where they see the very best opportunities for long-term value creation. Global Alpha is also diversified by growth type due to its three growth profiles.

Holding size

Careful consideration is given to the holding size of individual investments. We have three broad groups of holding size: circa 0.5% holdings, circa 1% holdings and circa 2% holdings. Only the highest conviction stocks are normally holdings above circa 2% of the portfolio. Companies in which there is a greater degree of risk or uncertainty are typically circa 1% or less. The circa 0.5% holding size, our 'incubator' holdings, enable us to bring a wide range of stocks into the portfolio where we believe there to be a higher risk/reward profile.

Valuations and correlation

Following the unusual environment in markets in 2022, we implemented two regular proprietary inputs into our risk framework.

1. Valuation heatmap. This tool uses valuation levels, growth expectations, and 30-plus years of global historic data on the distribution of returns outcomes to identify clusters of high valuations versus growth expectations. This enhances the context and challenge to investment teams, helping to improve decisions and disciplines for purchasing, holding, and selling positions.
2. Correlation and network analysis. Prioritising the importance of visual representation in our analysis of the data, this toolkit is used to prompt further discussion of portfolio balance and risk clusters.

Risk categories

We consider exposures to different risk categories such as commodity prices or inflation – these risk concentrations are not directly captured by reference to an index or benchmark but are important influences on return in the portfolio.

Trading risk

Our proprietary restrictions system is designed to prevent inappropriate transactions before dealing takes place. Systems also help to avoid excessive concentration of risk by identifying any stock, sector or country exposures that are outside internal guidelines. Segregated clients are sent an annual confirmation report to ensure the ongoing accuracy of their restrictions.

Risk team monitoring

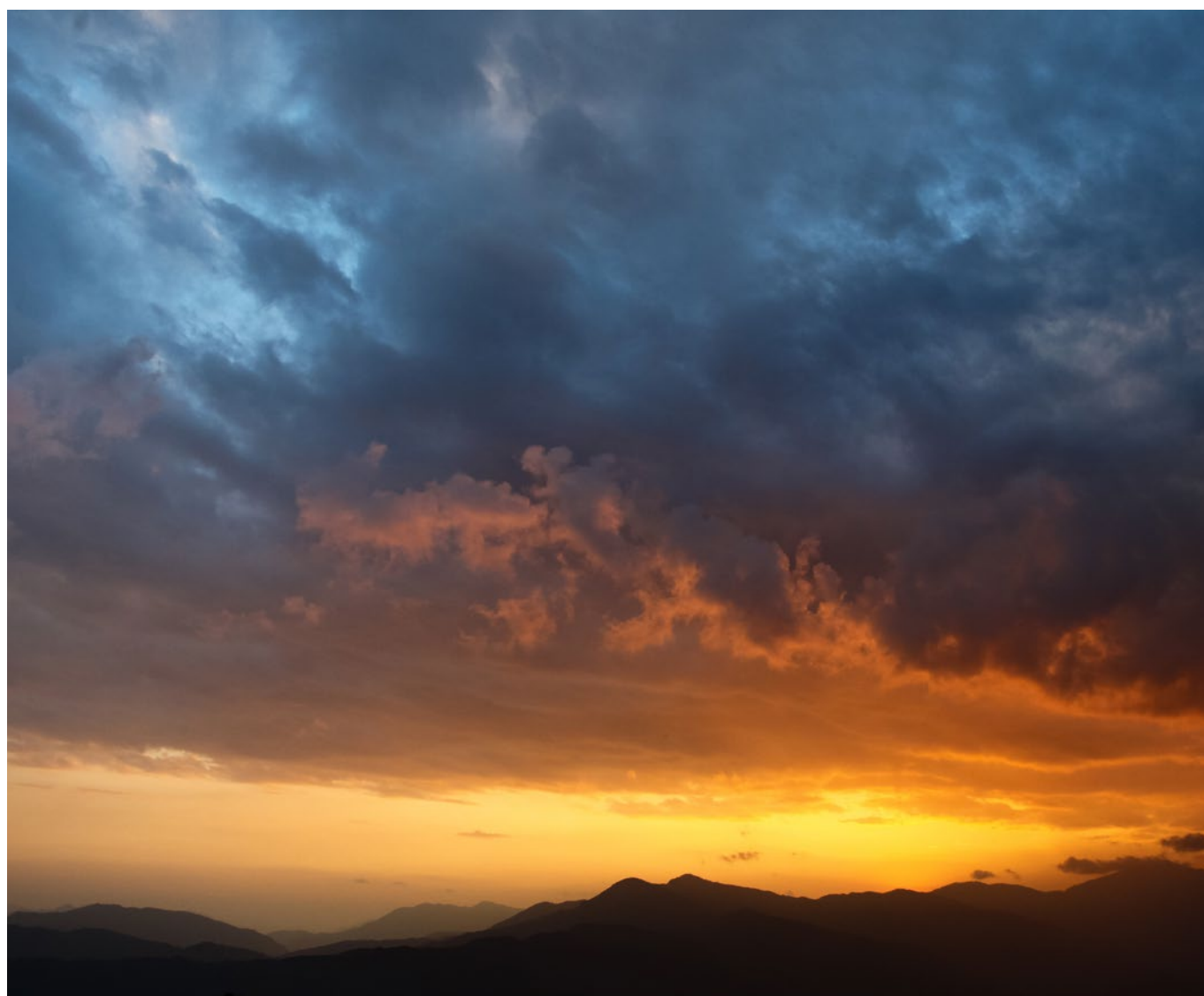
Our dedicated Investment Risk, Analytics and Research Department is entirely independent of the Monks investment managers. The department uses a range of tools and measures to analyse the risk within portfolios including 'active share', delivered tracking error and the spread of stock specific risk. Importantly, our Investment Risk, Analytics and Research Department is also experienced in assessing the methodology and limitations of the different tools, and how to interpret their output in different market conditions.

Overall, we believe that these tools can add value to the investment monitoring process if used intelligently and pragmatically. The Investment Risk, Analytics and Research Department reports formally every quarter to the investment managers, client service team and our Equity Investment Risk Committee.

Suitability

Monks should appeal to investors prepared to tolerate short-term volatility in order to gain longer-term rewards from global equities.

It may not be an appropriate choice for those with low risk appetites, short-term performance time horizons (i.e. less than five years), or a desire for smoothed returns.



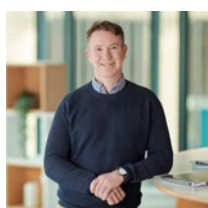
People and responsibilities

Accounting and secretarial services for the Company are provided by our in-house Investment Trust Department. This team provides these services for all the investment trusts managed by Baillie Gifford & Co Ltd.



Spencer Adair
Investment Manager

Spencer is an investment manager in the Global Alpha Team. He has been an investment manager in the Global Alpha Team since its inception in 2005 and Monks Investment Trust since 2015. Spencer is a co-manager of International Concentrated Growth Strategy. He joined Baillie Gifford in 2000 and became a partner in 2013. Spencer has also spent time working in the Fixed Income, Japanese, European, Emerging Markets and UK Equities teams. He graduated BSc in Medicine from the University of St Andrews in 1997.



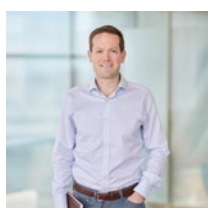
Malcolm McColl
Investment Manager

Malcolm is an investment manager in the Global Alpha Team. He has been involved in Global Alpha since the product's inception in 2005 and this is his sole portfolio responsibility. He joined Baillie Gifford in 1999 and became a partner of the firm in 2011. In 2021 he became a managing partner with overall oversight for the investment department. Malcolm previously worked in the UK Small Cap and North American equity teams. He managed the North American portion of wider global portfolios while in the North American Equity Team. Malcolm graduated MA in Economics and History in 1998 and MLitt in Economics, Politics and Management in 1999, both from the University of St Andrews.



Helen Xiong
Investment Manager

Helen is an investment manager in the Global Alpha Team. She joined Baillie Gifford in 2008 and became a partner in 2020. In addition to Global Alpha, Helen has spent time working in our Developed Asia, UK, US Equity Growth, and Emerging Markets Equity teams. She graduated BSc (Hons) in Economics from the University of Warwick in 2007 and MPhil in Economics from the University of Cambridge in 2008.



Alex Blake
Head of Investment
Trust Operations

Alex joined Baillie Gifford in 2014 and is head of investment trust operations. Previously, he qualified as a lawyer before joining the corporate finance department of an Investment Trust broker. Alex graduated LLB from the University of Edinburgh in 2005.

Board

The Board has overall responsibility for the Company’s affairs.

A number of matters are reserved for its approval including strategy, investment policy, currency hedging, gearing, treasury matters, dividend and corporate governance policy.

The Board currently comprises seven Directors, all of whom are non-executive.

Randeep Singh Grewal
Chair

Randeep Singh Grewal was appointed a Director in 2024 and became Chairman in 2025. He is a non-executive director of the Global Smaller Companies Trust plc. Having read Medicine and Computer Science at Jesus College, Cambridge, he trained as a vascular surgeon before transferring his skills in healthcare and technology to working as an analyst and portfolio manager with Tudor Capital in 1998. He was a senior portfolio manager at F&C Asset Management from 2010 to 2012 and for Trium Opportunistic Equity Fund from 2015 to 2019.

Professor Sir Nigel Shadbolt
Director

Professor Sir Nigel Shadbolt was appointed a director in 2017. He is Principal of Jesus College, Oxford, Professorial Research Fellow in the Department of Computer Science, University of Oxford and a visiting Professor of Artificial Intelligence at the University of Southampton. He specialises in open data and artificial intelligence and is currently also chair of the Open Data Institute.

Claire Boyle
Director

Claire Boyle was appointed a Director in 2020 and became Audit Committee Chair in September 2024. Having qualified as a chartered accountant with Coopers & Lybrand, where she specialised in litigation support and forensic accounting, Ms Boyle then spent thirteen years working in equity investment management for: Robert Fleming Investment Management; American Express Asset Management; and latterly Oxburgh Partners LLP, where she was a partner with responsibility for their European Equity Hedge Fund. She is a non-executive director of Nippon Active Value Fund plc, a non-executive director and chair of the audit committee of Fidelity Special Values Plc, and the non-executive chair of Life Science REIT plc.

Belinda Richards
Director

Belinda Richards was appointed a director in 2016 and became senior independent director in December 2023. She is a former senior partner at Deloitte LLP with a thirty year career specialising in business operations and strategy development with a particular focus on the Financial Services and Consumer Products sectors. She is a non-executive director of Phoenix Group Holdings.

Stacey Parrinder-Johnson
Director

Stacey Parrinder-Johnson was appointed a Director in 2024. She was, until September 2023, chief investment officer of Investec Wealth & Investment UK, where she was also a member of the executive management committee, chair of the investment committee, and a member of the executive risk management committee. Stacey brings twenty years of experience in asset selection, portfolio management, and manager analysis across UK and international mandates, and has particular strength in investment trust governance, sustainability and risk issues. She has previously served as a pension trustee and has been a governor of the University of Portsmouth since November 2023.

David Ballance
Director

David Ballance was appointed a director with effect from 1 March 2025. He brings around 37 years' investment management experience. He was a Partner and Investment Director at Ruffer LLP from 2007 until 2022. An external member of the Investment Group at Christ Church Oxford since 2012, he took on the role of Chair in January 2025. He is an External Investment Adviser to the Nuffield Foundation and currently serves as a Member of their Investment Committee, is a Trustee Director of the NACAB (1991) Pension Plan, a Member of the Book Tokens Investment Committee and is also a Trustee for the Fellowship of St John (UK) Trust Association, Pro Corda Trust and St Alban's Holborn.

Richard Curling
Director

Richard Curling was appointed a Director with effect from 1 October 2025. He is a highly experienced investment trust Director and fund manager, who has specialised in investment companies for over 10 years. He is currently the Chair of Montanaro European Smaller Companies Investment Trust and a non-executive Director of Schroder UK Mid Cap Fund plc.

About Baillie Gifford

Baillie Gifford & Co is one of the leading privately owned investment management firms in the UK. Structured as a partnership, investment management is our sole business.

Baillie Gifford & Co is wholly owned by partners, all of whom work within the firm. We believe that the personal involvement in the business by the owners is crucial to maintaining the motivation and high standards essential to a modern investment house and maintaining a firm client focus.

A hallmark of the firm is the stability of our organisation and our commitment to continuing as an independent, private business based in Edinburgh. We are particularly proud of our low turnover of staff, both investment and administrative.

Baillie Gifford has a strong service culture. We make every effort to ensure that the service to investment trust boards and shareholders is of the highest possible standard.

Accounting and company secretarial services are provided by our in-house Investment Trust Department. This team currently provides these services to the other investment trusts managed by Baillie Gifford.

Investment Trusts and Investment Companies managed by Baillie Gifford

	Sector
Scottish Mortgage Investment Trust PLC	Global
The Monks Investment Trust PLC	Global
The Scottish American Investment Company P.L.C.	Global Equity Income
Edinburgh Worldwide Investment Trust plc	Global Smaller Companies
The Baillie Gifford Japan Trust PLC	Japan
Baillie Gifford Shin Nippon PLC	Japanese Smaller Companies
Pacific Horizon Investment Trust PLC	Asia Pacific
Baillie Gifford US Growth Trust plc	North America
Baillie Gifford UK Growth Trust plc	UK All Companies
Baillie Gifford European Growth Trust plc	Europe
Baillie Gifford China Growth Trust plc	China
The Schiehallion Fund	Growth Capital

Differentiation

We believe a number of features differentiate Baillie Gifford's investment philosophy and process:

Fundamental style

We are fundamental investors.
We undertake our own research with considerable emphasis on analysing companies' financial statements and assessing management.

Long-term investment horizon

Our aim is to select good quality stocks which will outperform over the long term. When assessing a stock, we look at a company's prospects over the next five years as opposed to the next five months.

Active portfolios

Having identified good quality stocks, we look to hold them in sufficient size to have a meaningful, positive impact on performance. We back our judgement.

Team-based decision making

We operate a genuine team approach.
Portfolios reflect the views and contributions of each investment team.

Stability of investment staff

Our partnership structure encourages a high degree of stability within the investment teams. All staff have the opportunity to become a Partner and this provides a major incentive. We believe this ability to own part of a successful, growing business is significantly more than just a financial incentive. In addition, even at non-partner level, profits are shared across a wide base of the employees.

Continuity and repeatability

Our approach to investment has been established over many years. The consistent application of this successful philosophy and process explains our historic performance record and underpins our confidence that performance can be maintained into the future.

Contact



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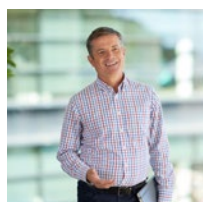
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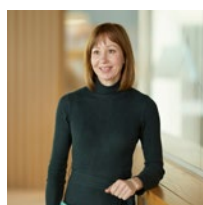
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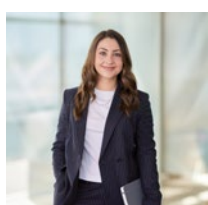
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Important information

The Company is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority. Baillie Gifford & Co Limited is authorised and regulated by the Financial Conduct Authority and is the authorised Alternative Investment Fund Manager and Company Secretary of the Company.

Financial Intermediaries

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bailliegifford.com/monks

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