
MONKS – LONG-TERM STEWARDS

Charles Plowden explains how long-term stewardship is one of the four golden threads that weaves together to form the Monks investment strategy.

Investment markets can go down as well as up and market conditions can change rapidly. The value of an investment in the fund, and any income from it, can fall as well as rise and investors may not get back the amount invested.

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Monks Investment Trust PLC is managed in accordance with the Baillie Gifford Global Alpha strategy.

A Key Information Document for the Monks Investment Trust PLC is available by visiting www.bailliegifford.com.

Charles Plowden: The Signet Library, in the heart of Edinburgh’s Old Town, is an iconic example of neo-classical architecture. It was lauded two centuries ago as ‘the finest drawing room in Europe’. It’s home to a society known as Writers to the Signet, a venerable body of solicitors that have acted as stewards of this building for generations.

Although the Global Alpha team works in rather less august surroundings than here, we absolutely recognise the importance of long-term stewardship. In our case not stewardship of a building but rather of our clients’ capital.

This notion of stewardship forms one of the four golden threads that run through everything we do. But what do we mean by it? Well, it’s useful to look at stewardship through the prism of duty.

Firstly, our duty to our clients, which is to provide lasting returns in excess of those delivered by the market. Other things being equal, a company that is well managed, and that acts responsibly to its employees, its customers, the environment and to shareholders should, over the long term, outperform a company that acts irresponsibly. In other words, good governance should lead to superior returns.

Related to this, is the duty we owe to the companies we invest in to help them fulfil their potential. We do this in several ways. We build relationships with management teams to effect change where we think it’s required. That might be to suggest a company pays an equitable rate of tax. We encourage businesses to commit capital for future growth, even if that means sacrificing short-term profitability. And we encourage executive teams to resist the clamour of the quarterly earnings cycle. By holding stock for significant periods of time, we help companies ride out short-term lumps and bumps for, what we hope, is genuine long-term wealth creation.

If you look at holding periods on the New York Stock Exchange stretching back seventy years, stocks were held for, on average, about six years. Today it’s a very different story. Stocks are typically held for less than 12 months. In other words, as a society, we’ve gone from an environment of investment to one of speculation. Responsible stewardship of capital has been replaced by the desire to make a quick buck.



This wonderful building has been around for 200 hundred years. The Writers to the Signet hope it survives for at least another two centuries. And that’s how we feel about the companies that we invest in. We hope that they grow and thrive over time and add to the economic and social fabric of society.

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