

THE MONKS INVESTMENT TRUST PLC

Global growth from
different perspectives

Annual Report and Financial Statements
30 April 2015

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Global growth from different perspectives

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.

Front cover

A different perspective

The surface of a microchip magnified 300x. 5.5% of the Company's investments are direct beneficiaries of the growth in semiconductors.

Contents

1 Key Facts

Strategic Report

- 2 Chairman's Statement
- 3 The Managers' Core Investment Beliefs
- 4 Managers' Report
- 6 Equity Portfolio by Growth Category
- 8 Portfolio Positioning
- 9 List of Investments
- 12 Twelve Month Summary
- 13 Five Year Summary
- 14 Ten Year Summary
- 15 Business Review

Governance Report

- 17 Directors and Management
- 18 Directors' Report
- 20 Corporate Governance Report
- 23 Audit Committee Report
- 25 Directors' Remuneration Report
- 27 Statement of Directors' Responsibilities

Financial Report

- 28 Independent Auditors' Report
- 31 Income Statement
- 32 Balance Sheet
- 33 Reconciliation of Movements in Shareholders' Funds
- 34 Cash Flow Statement
- 34 Reconciliation of Net Cash Flow to Movement in Net (Debt)/Funds
- 35 Notes to the Financial Statements

Shareholder Information

- 49 Notice of Annual General Meeting
- 52 Further Shareholder Information
- 52 Analysis of Shareholders
- 53 Cost-effective Ways to Buy and Hold Shares in Monks
- 54 Communicating with Shareholders
- 55 Alternative Investment Fund Managers Directive
- 55 Glossary of Terms

Investor Disclosure Document

The EU Alternative Fund Managers Directive requires certain information to be made available to investors prior to their investment in the Company. The Company's Investor Disclosure Document is available for viewing at www.monksinvestmenttrust.co.uk

Notes

None of the views expressed in this document should be construed as advice to buy or sell a particular investment. Investment trusts are UK public listed companies and as such comply with the requirements of the UK Listing Authority. They are not authorised or regulated by the Financial Conduct Authority (FCA).

Monks currently conducts its affairs, and intends to continue to conduct its affairs, so that the Company's Ordinary Shares can qualify to be considered as a mainstream investment product and can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the rules of the FCA in relation to non-mainstream investment products.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000 immediately if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your ordinary shares in The Monks Investment Trust PLC, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.

Key Actions over the Year

- New manager, Charles Plowden, appointed on 27 March 2015
- Portfolio reorganisation completed in April 2015
- 13.9m shares bought back

Total Return Performance

To 30 April 2015

	1 year	3 years	5 years	10 years
NAV*	13.0%	27.9%	35.9%	135.4%
Share Price	18.8%	32.9%	45.4%	164.2%
FTSE World Index†	18.0%	53.1%	63.1%	159.0%

Source: Baillie Gifford/Morningstar

Discount, Charges and Active Share

	2015	2014
Discount‡	8.6%	13.0%
Ongoing Charges‡	0.58%	0.57%
Active Share¶	93%	97%

Total Return Performance

Year to 30 April 2015

* With borrowings deducted at fair value for 1, 3 and 5 years and at par value for 10 years

† The FTSE World Index (in sterling terms) is the principal index against which performance is measured

‡ With borrowings deducted at fair value

‡ Ongoing charges represents total operating costs, including management fees as set out in note 3 on page 36, divided by average net assets (with debt at fair value)

¶ Active share – a measure of how actively a portfolio is managed – is the percentage of the portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

Past performance is not a guide to future performance

This Strategic Report, which includes pages 2 to 16 and incorporates the Chairman's Statement has been prepared in accordance with the Companies Act 2006.

Chairman's Statement

Performance

In the year to 30 April 2015 the net asset value (NAV) total return (capital and income), with borrowings at fair value, was 13.0% and the share price total return was 18.8%. Over the same period the total return for the FTSE World Index was 18.0%.

Geographic allocation was a notable detractor to relative performance over the financial year, accounting for 3.6 percentage points of underperformance. Good stock selection in Emerging Markets and Japan was offset by poor relative returns in the UK, North America and Europe (ex UK). The relative overweight to the UK market was also unhelpful, as was our Oil and Gas exposure, with Enquest, Seadrill, North Atlantic Drilling and IGas Energy in particular performing poorly.

Earnings and Dividend

Earnings per share were 4.74p compared with 4.87p the previous year, a decrease of 2.7%. Monks invests with the aim of achieving capital growth rather than income and all costs are charged to the Revenue Account. The Board is recommending a final dividend of 3.45p, which together with the interim (0.50p) already paid, would make the total dividend for the year 3.95p, unchanged from the previous year. At this stage, we are expecting a lower earnings figure for the current year.

Change in Portfolio Management Responsibilities

In 2013, the Board and the Managers undertook a thorough review of the causes of the Company's relative underperformance in recent years. Actions were taken to improve performance, including the strengthening of the team managing the portfolio. Although there were some initial encouraging signs, performance did not improve markedly.

More recently, I have met a number of shareholders who wished to discuss the Company's performance and portfolio management arrangements, independently of the Managers. During the course of these meetings, it became apparent to me that these shareholders supported the Board's view that Baillie Gifford were held in high regard as investment trust managers, but that patience was waning with the existing portfolio management team.

Following further formal review, the Board took the decision to appoint a different portfolio management team within Baillie Gifford. As a result, since 27 March 2015 Monks has been managed by Charles Plowden, supported by Spencer Adair and Malcolm MacColl. They are all members of Baillie Gifford's 'Global Alpha' investment team, which has a well established process and strong performance record. They are all Partners at Baillie Gifford and have been working together since 2005. Charles is one of two joint senior partners.

It is important to note that the Company's investment policy and objective have not altered as a result of this change in portfolio responsibilities. The Company's goal remains long-term capital growth, by investing globally and principally in equities.

Approximately 56% of the Company's portfolio by value was reorganised following the announced changes and as at the end

of the Company's year was, with some very minor exceptions, positioned as the new portfolio management team wished. Further details on the Managers' investment approach and the portfolio are set out on pages 3 to 11.

Buybacks and Discount

During the year to 30 April 2015 £55.1m was spent buying back 13.9m shares at a discount to NAV, representing 6.1% of the shares in issue at the start of the year.

The discount (at fair value) ended the financial year at 8.6% compared to 13.0% at the prior year end. The narrowing occurred towards the end of the period and reflected the market's reaction following the change in portfolio management responsibilities announced 27 March 2015. The Board monitors the level of discount and has authorised the repurchase of shares when this will be of benefit to continuing shareholders.

Gearing

During the second half of the year the Company made use of its short term loan facilities and at the year end the Company had drawings of £15.5bn with National Australia Bank Limited and effective gearing, net of cash, stood at 7.2%. After offsetting bonds, the Company was ungeared to equities at its year end.

The Board and new portfolio managers have held discussions on the use of gearing and concluded that, at present, the gearing range should be 5% net cash to plus 10% invested in equities, achieved through utilising borrowings. The portfolio managers are at liberty to move freely within these parameters without the prior approval of the Board. However, as equity valuations have run hard recently, gearing is not being deployed immediately. Gearing parameters are reviewed at each Board meeting.

Outlook

Charles Plowden and his colleagues are long-term fundamental growth investors. While cognisant of the macroeconomic environment and the impact that market sentiment might have on individual stocks in the short term, it will be company fundamentals that drive longer term portfolio returns. The Board is confident that the portfolio will benefit from this approach.

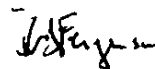
The Board

Jeremy Tighe joined the Board on 30 September 2014 and was appointed Chairman of the Company's Audit Committee on 1 May 2015. He has extensive experience of the management of investment trusts and his biographical details are set out on page 17. In accordance with the Company's Articles, Mr Tighe will be submitted for election at the forthcoming AGM.

AGM

I encourage shareholders to attend the Annual General Meeting, which will be held on 4 August 2015 at 11.00am at the Institute of Directors (see map on page 49). Our portfolio managers will give a short presentation and there will be an opportunity to ask questions and to meet the managers and Directors informally.

James Ferguson
16 June 2015



Past performance is not a guide to future performance

The Managers' Core Investment Beliefs

We believe the following features of Monks provide a sustainable basis for adding value for shareholders

Active Management

- We invest in attractive companies using a 'bottom-up' investment process. Macroeconomic forecasts are of little interest to us and do not influence the selection of stocks
- High active share* provides the potential for adding value
- We ignore the structure of the index – for example the location of a company's HQ and therefore its domicile are less relevant to us than where it generates sales and profits
- Large swathes of the market are unattractive and of no interest to us
- As index agnostic global investors we can go anywhere and only invest in the best ideas
- As the portfolio is very different from the index, we expect portfolio returns to vary – sometimes substantially and often for prolonged periods

Committed Growth Investors

- In the long run, share prices follow fundamentals, growth drives returns
- We aim to produce a portfolio of stocks with above average growth – this in turn underpins the ability of Monks to add value
- We have a differentiated approach to growth, focusing on the type of growth that we expect a company to deliver. All holdings fall into one of four growth categories – as set out on pages 6 and 7
- The use of these four growth categories ensures a diversity of growth drivers within a disciplined framework

Global
growth from
different
perspectives

Long Term Perspective

- Long term holdings mean that company fundamentals are given time to drive returns
- We prefer companies that are managed with a long term mindset, rather than those that prioritise the management of market expectations
- We believe our approach helps us focus on what is important during the inevitable periods of underperformance
- Short term portfolio results are random
- As longer term shareholders we are able to have greater influence on environmental, social and governance matters

Dedicated Team with Clear Decision-making Process

- Senior and experienced team drawing on the full resources of Baillie Gifford
- Alignment of interests – the investment team responsible for Monks all own shares in the Company

Portfolio Construction

- Stocks are held in three broad holding sizes – as set out on pages 6 and 7
- This allows us to back our judgement in those stocks for which we have greater conviction, and to embrace the asymmetry of returns through 'incubator' positions in higher risk/return stocks
- 'Asymmetry of returns' – some of our smaller positions will struggle and their share prices will fall, those that are successful may rise, many fold. The latter should outweigh the former

Low Cost

- Savers should not be penalised by high management fees
- Low turnover and trading costs benefit shareholders

© Mike Warot

* Active share, a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

Managers' Report

As detailed in the Chairman's Statement on page 2, responsibility for managing the portfolio was moved to Charles Plowden, supported by Spencer Adair and Malcolm MacColl, at the end of March 2015. The portfolio was subsequently realigned to reflect their favoured stocks. The report that now follows, written by the new portfolio managers, introduces their investment process and portfolio.

How We Invest

Our investment approach has three features which together underpin our ability to outperform: a differentiated, active portfolio, a diversified range of growth stocks, and a patient approach. The discipline of applying these features consistently is the key. Taking each in turn:

Active: To deliver superior returns, a portfolio must be distinctive. We select stocks purely on their fundamental attractions, unconstrained by the shackles of the index. The result is a unique, truly differentiated portfolio. At the year end some 93% of Monks equity portfolio differed from its comparative index (as measured by Active Share, which is defined in the Glossary on page 55).

Growth: We choose to harness the powers of growth and long-term compounding. We believe that stock prices are ultimately driven by company fundamentals and that higher than average growth will ultimately be reflected in price outperformance. We target businesses with the ability to compound their earnings and cash flows by at least 10% per annum over a five year period – more than twice the market's long-term average. We buy these stocks when this growth is not fully reflected in their prices.

Patience: We allow compounding to do its work and accept that, in the real world, progress is rarely smooth. We hold stocks for as long as our investment cases stand and ignore short-term noise. This is reflected in low portfolio turnover, in the ten years that we have together managed global equities our average holding period has been more than five years. This has enabled long-term fundamentals to drive portfolio returns, whilst also minimising underlying trading costs.

Diversified Sources of Growth

We classify our stocks into four growth categories: Stalwarts, Rapid, Cyclical and Latent, as detailed on pages 6 and 7. This structure is how we think about the portfolio on a day-to-day basis and is therefore how we will frame our reporting. We have a clear view of the inefficiencies we are exploiting within each growth category and the reasons we expect these to outperform. These provide us with a valuable means of monitoring the operating performance of our investments. Importantly, the framework also encourages diversity: you are not dependent on one flavour of growth.

We have included a short description of each growth category at the top of the columns on pages 6 and 7. Looking at each in a little more detail:

Growth stalwarts: These stocks have durable franchises and we expect them to deliver robust profits largely independent of the economic backdrop. Within this area we are often drawn to businesses where the competitive advantages include dominant local scale, customer loyalty and strong brands. Examples include

AIA – Capitalising on the Asia savings opportunity

© Imagochina/Corbis

the consumer goods business, Colgate-Palmolive, the payment processor, MasterCard, and the global lift and escalator manufacturer, Schindler. We expect our Stalwarts to produce earnings and cash flow growth of around 10% per annum over the long term. These are the types of long-duration businesses where the market fails to appreciate the benefit of compounding, as they may appear unexciting relative to more rapid or cyclical growth stocks.

Rapid growth: Stocks in this category are typically earlier stage businesses growing quickly by developing new markets, often applying innovative technologies and taking market share from incumbents. An example is Schibsted, a Norwegian media stock which is quickly diversifying away from traditional print media towards the fast growing on-line classified sector. Further examples include the financial groups AIA (Asian life insurance and savings) and HDFC (Indian mortgage lending) that operate in emerging economies and which should capitalise on rising levels of disposable consumer incomes. We set the bar high for these businesses, expecting long-term earnings growth of 15–25% per annum. Our rapid growth stocks are often examples of where our long-term perspective allows us to look beyond optically high near term valuations and to focus on the scale of the ultimate opportunity.

Cyclical growth: Stocks in this category have strong secular growth prospects, but are also subject to the influence of macroeconomic or capital cycles, and sometimes both. Here we look for businesses which are adaptable and management teams that we trust to allocate capital skilfully. Examples of holdings which have displayed these attributes over recent years include the cruise line operator, Royal Caribbean, the Taiwanese semiconductor manufacturer, TSMC, and the Swedish based bank, Svenska Handelsbanken. We expect stocks in this segment to increase their earnings by 10–15% per annum over a full business cycle. These businesses most commonly become mispriced due to the market's lack of patience and tendency to extrapolate near term trading conditions. We take advantage of this short-termism and capitalise on the myopic view of others.

Past performance is not a guide to future performance

Latent growth These are stocks with often unspectacular recent operating records. The market expects them to shrink or produce very little growth, but our analysis has identified a company-specific catalyst which can allow above average growth to re-emerge. An example is CRH, a building materials supplier, which has struggled for some years against a tough economic backdrop and over supply. There appears to be little growth factored in to current market expectations. However, we are excited about structural improvements within its underlying operations driven by consolidation, most notably CRH's purchase of assets from Lafarge/Holcim. These Latent stocks reflect our time horizon and willingness to embrace change in order to exploit inefficiencies.

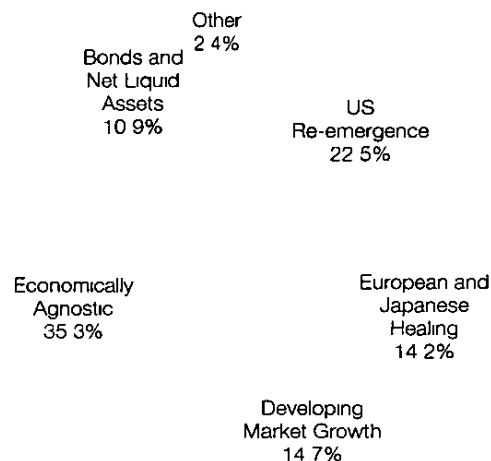
Portfolio Construction and Position Sizing

Careful consideration is given to the holding size of individual stocks. We utilise three broad groups of stock weightings: high conviction (c 2%), average sized (c 1%), and incubator (c 0.5%). Current examples of high conviction holdings include the Asian and developed market life insurer, Prudential, and the North American online broker, TD Ameritrade. Incubators are exciting stocks, with a broad range of potential outcomes, where we see the risk/reward skewed towards the upside. These include the Japanese online advertising and media business, CyberAgent, and the biotechnology business, Seattle Genetics. The equity portfolio segmented by these holding sizes can be seen on pages 6 and 7.

Idea Generation and Decision Making

We harness the full strength of Baillie Gifford's c 90 analysts to generate ideas. They collectively cover all of the world's major equity markets searching for businesses with the potential to deliver superior long-term growth. Recommendations flow to us via a proven process involving a monthly meeting of the Portfolio Review Group, which comprises the three of us and a range of other analysts from across Baillie Gifford. All ideas are tested against three questions: *how does the business compare globally?, where do we have insight on the stock?, and will the business bring diversity to the portfolio?* Full responsibility for decision-making rests with the three of us.

Thematic Exposures



Diversification and Current Positioning

We strongly believe in the merits of managing a portfolio which is both distinct in nature and well diversified. Whilst our growth categories ensure a good degree of balance, we also consider the forward-looking risks within the portfolio through regular analysis of underlying thematic drivers. This analysis allows us to look beyond traditional parameters and to consider the real long-term risk concentrations within the portfolio. At present roughly 35% of the Company's portfolio can be classified as economically agnostic, where the primary driver of operating performance is not related to GDP growth. Many of the stocks in this area are innovative businesses creating new markets and attacking incumbent profit pools. Approximately 23% of the portfolio is likely to be a beneficiary of the continued recovery of the United States, and 14% is exposed to potential healing within the European and Japanese economies. A further 15% is thematically exposed to the long-term secular growth trends within developing markets, and Asia in particular. The remaining 13% is predominantly comprised of bonds and net liquid assets. (Further detail and explanation of the thematic exposures is detailed at the top of page 8).

What Does the Future Hold?

We are excited about the stocks we have selected. We believe they offer the prospect of above average growth which should translate over time into attractive returns. This confidence comes from our understanding of their fundamentals and our patient investment approach. There will be periods when fundamentals are not reflected in shareholder returns, such as when our growth style is out of favour. However, we are confident that our process will create significant value for investors over the long term.

Svenska Handelsbanken – Trusted long term capital allocators

Image courtesy of Svenska Handelsbanken

Charles Plowden
Spencer Adair
Malcolm MacColl

Equity Portfolio by Growth Category

As at 30 April 2015

	Growth Stalwarts	Rapid Growth
	c 10% p a earnings growth	c 15% to 25% p a earnings growth
	Company characteristics	Company characteristics
	Durable franchise	Early stage businesses with vast growth opportunity
	Deliver robust profitability in most macroeconomic environments	Innovators attacking existing profit pools or creating new markets
	Competitive advantage includes dominant local scale, customer loyalty and strong brands	
Highest conviction holdings c 20% each	Prudential Anthem Nestlé	Naspers Amazon.com Ryanair AIA Google
Average sized holdings c 10% each	Moody's SAP Schindler MasterCard Visa American Express Waters Monsanto Colgate-Palmolive	Nanoco Baidu MercadoLibre eBay Dragon Oil TripAdvisor Schibsted ICICI Bank IP Group Mynad Genetics
Incubator holdings c 0.5% each	Shimano Qualcomm Dia Xilinx Olympus Shiseido Praxair Coca Cola HBC Tsingtao Brewery	Tesla Motors Yandex Mindray Medical International Renishaw iRobot Financial Engines Cyberagent Softbank Facebook Japan Exchange MarketAxess Zillow Anylam Pharmaceuticals Qiagen M3 BMF Bovespa Seattle Genetics HDFC Alibaba Stratasys Intuitive Surgical Twitter
	Total in this growth category 21.6%	Total in this growth category 30.8%

Cyclical Growth**Latent Growth**

c 10% to 15% p a earnings growth through a cycle

Company characteristics

Subject to macroeconomic and capital cycles with significant structural growth prospects

Strong management teams highly skilled at capital allocation

Earnings growth to accelerate over time

Company characteristics

Company specific catalyst will drive above average earnings in future

Unspectacular recent operational performance and therefore out of favour

Royal Caribbean Cruises
TSMC
TD Ameritrade
Markel

MS&AD Insurance

**Total in this
holding size 25.9%**

First Republic Bank
Carmax
EOG Resources
M&T Bank
Wolseley
Harley-Davidson
Svenska Handelsbanken
Atlas Copco
Martin Marietta Materials
Rolls Royce

SMC
Lincoln Electric
Brambles
Man Group
THK

CRH
Inpex
Samsung Electronics
Fairfax Financial
Flir Systems
Sumitomo Mitsui Trust Bank
Dolby Laboratories
Jundica Investments
Bank of Ireland

**Total in this
holding size 44.7%**

CH Robinson Worldwide
Teradyne
Victrex
Richemont
Jardine Matheson
Deutsche Boerse
DistributionNOW
Volvo
Hays
Ritchie Bros Auctioneers
SK Hynix
Leucadia National

Aggreko
Ferro Alloy Resources
President Energy

Carlsberg
Silk Invest Africa Food Fund
Ultra Petroleum
China Resource Enterprises
Fiat Chrysler Autos
Rohm
Toyota Tsusho
Donc Nimrod Air One
Howard Hughes
Altus Resource Capital
NBNK Investments

**Total in this
holding size 29.4%**

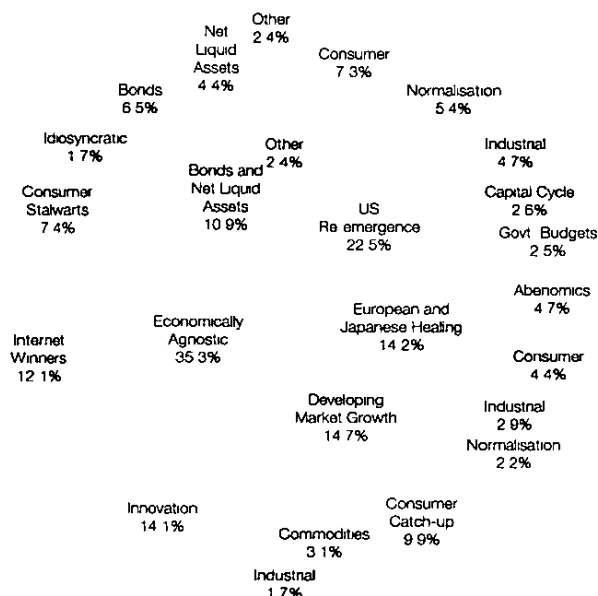
Total in this growth category 31.1%

Total in this growth category 16.5%

Portfolio Positioning

As at 30 April 2015

Thematic Risk Categories



Although our stock picking is resolutely bottom up in nature, we believe that it is essential to understand the underlying risks of each investment and, in turn, where there may be concentrations of exposures. The chart on the left outlines the key exposures of the portfolio at the Company's year end. Consistent with our portfolio construction process, this analysis pays no regard to the structure of the index. Of note

- 35.3% of stocks are those which we classify as economically agnostic. Here we include those businesses which we believe to be internet winners – such as Amazon.com and Google – alongside a broader range of innovative growth companies (such as the biotech company Seattle Genetics), and more stalwart-like staples holdings.
- The second largest exposure, 22.5%, is in stocks which we have identified as beneficiaries of the continued re-emergence of the United States, such as consumer franchises like Harley-Davidson and American Express and industrials such as the welding equipment manufacturer Lincoln Electric.
- 14.2% is exposed to potential healing within Europe and Japan. Examples in the former include Ryanair and Fiat Chrysler, and in the latter financial groups MS&AD and Japan Exchange.
- 14.7% of the portfolio is thematically exposed to the long term secular growth trends within Developing markets, and Asia in particular. Examples include luxury products group Richemont and South African media company Naspers, which has significant stakes in Chinese internet businesses.
- The remaining 13.3% is predominantly comprised of bonds and net liquid assets.

Geographical 2015 (2014)

Sector 2015 (2014)

List of Investments

As at 30 April 2015

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities					
Naspers	Media and e-commerce	Rapid	32,233	2.8	
Prudential	International financial services	Stalwart	30,194	2.6	
Royal Caribbean Cruises	Cruise line operator	Cyclical	26,150	2.3	
Anthem	Healthcare insurer	Stalwart	20,819	1.8	
Amazon.com	Online retailer	Rapid	20,614	1.8	
TSMC	Semiconductor manufacturer	Cyclical	19,830	1.7	
Ryanair	Low cost airline	Rapid	17,929	1.6	
TD Ameritrade	Online brokerage	Cyclical	17,849	1.6	
MS&AD Insurance	Non-life insurer	Latent	16,475	1.4	
AIA	Insurance	Rapid	16,339	1.4	19.0
Google	Online search engine	Rapid	15,632	1.4	
Nestle	Food and beverage producer	Stalwart	15,500	1.3	
Markel	Speciality insurance	Cyclical	15,221	1.3	
First Republic Bank	Retail bank	Cyclical	14,547	1.3	
CRH	Diversified building materials	Latent	14,050	1.2	
Carmax	Sells and retails new and used cars and light trucks	Cyclical	13,692	1.2	
Moody's	Credit rating agency	Stalwart	13,589	1.2	
Nanoco	Quantum dot manufacturer	Rapid	13,309	1.2	
EOG Resources	Natural gas explorer and producer	Cyclical	12,780	1.1	
SAP	Enterprise software	Stalwart	12,734	1.1	31.3
M&T Bank	Retail and commercial bank	Cyclical	12,546	1.1	
Inpex	Oil and gas producer	Latent	12,386	1.1	
Schindler	Elevator and escalator manufacturer	Stalwart	12,307	1.1	
Baidu	Chinese internet search engine	Rapid	12,259	1.1	
Samsung Electronics	Consumer and industrial electronic equipment	Latent	12,258	1.1	
Wolseley	Building materials distributor	Cyclical	12,173	1.1	
MercadoLibre	Latin American e-commerce platform	Rapid	11,901	1.0	
Harley-Davidson	Motorcycle manufacturer	Cyclical	11,616	1.0	
eBay	Internet auction and payment	Rapid	11,600	1.0	
MasterCard	Global electronic payments network	Stalwart	11,084	1.0	41.9
Svenska Handelsbanken	Retail bank	Cyclical	11,007	1.0	
Visa	Global electronic payments network	Stalwart	10,983	1.0	
Atlas Copco	Industrial compressors and mining equipment producer	Cyclical	10,647	0.9	
Martin Marietta Materials	Cement and aggregates producer	Cyclical	10,637	0.9	
American Express	Global payment and travel company	Stalwart	10,566	0.9	
Fairfax Financial	Financial services holding company	Latent	10,546	0.9	
Dragon Oil	Oil and gas exploration and production	Rapid	10,427	0.9	
Rolls Royce	Power systems manufacturer	Cyclical	10,051	0.9	
Waters	Liquid chromatography products and services	Stalwart	10,009	0.9	
TripAdvisor	Online travel review platform	Rapid	9,990	0.9	51.1
Schibsted	Print and online newspapers and classifieds	Rapid	9,775	0.9	
Monsanto	Agricultural biotechnology	Stalwart	9,643	0.8	
Flir Systems	Infra-red technology	Latent	9,105	0.8	

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities (continued)					
Sumitomo Mitsui Trust Bank	Trust bank and investment manager	Latent	8,881	0.8	
SMC	Factory automation equipment producer	Cyclical	8,873	0.8	
Dolby Laboratories	Audio noise reduction and encoding/compression	Latent	8,715	0.8	
ICICI Bank	Banking and financial services	Rapid	8,636	0.8	
IP Group	Intellectual property commercialisation	Rapid	8,631	0.8	
Juridica Investments	Litigation financing	Latent	8,607	0.7	
Lincoln Electric	Welding equipment manufacturer	Cyclical	8,308	0.7	59.0
Myriad Genetics	Genetic testing	Rapid	8,297	0.7	
Colgate-Palmolive	Consumer goods	Stalwart	8,282	0.7	
Bank of Ireland	Retail and commercial bank	Latent	8,174	0.7	
Brambles	Pallet pool operator	Cyclical	7,935	0.7	
Man Group	Hedge fund manager	Cyclical	7,883	0.7	
THK	Linear motion systems manufacturer	Cyclical	7,781	0.7	
CH Robinson Worldwide	Delivery and logistics	Cyclical	7,561	0.7	
Tesla Motors	Electric cars	Rapid	7,524	0.7	
Carlsberg	Brewer	Latent	7,517	0.7	
Shimano	Cycling component manufacturer	Stalwart	7,462	0.6	65.9
Qualcomm	Semiconductor manufacturer and wireless patents	Stalwart	7,413	0.6	
Yandex	Internet search and other services	Rapid	7,296	0.6	
Silk Invest Africa Food Fund*	Africa-focused private equity fund	Latent	7,292	0.6	
Ultra Petroleum	Oil and gas exploration and production	Latent	7,268	0.6	
Teradyne	Semiconductor testing equipment manufacturer	Cyclical	7,229	0.6	
Victrex	Speciality high-performance chemicals manufacturer	Cyclical	7,183	0.6	
Dia	Discount food retailer	Stalwart	7,059	0.6	
Mindray Medical International	Develops, manufactures and markets medical devices	Rapid	6,901	0.6	
Xilinx	Programmable logic semiconductors	Stalwart	6,897	0.6	
Renishaw	Measurement and calibration equipment manufacturer	Rapid	6,897	0.6	71.9
Richemont	Luxury goods designer and manufacturer	Cyclical	6,694	0.6	
Olympus	Optics manufacturer	Stalwart	6,558	0.6	
China Resource Enterprises	Chinese conglomerate	Latent	6,492	0.6	
Shiseido	Personal and household goods	Stalwart	6,489	0.6	
Jardine Matheson	Trading company	Cyclical	6,343	0.6	
Deutsche Boerse	Stock exchange operator	Cyclical	6,316	0.6	
Fiat Chrysler Autos	Vehicle manufacturer	Latent	6,302	0.5	
DistributionNOW	Oilfield drilling equipment distributor	Cyclical	6,220	0.5	
Rohm	Semiconductor manufacturer	Latent	6,217	0.5	
Praxair	Industrial gas supplier	Stalwart	6,150	0.5	77.5
Volvo	Commercial vehicle manufacturer	Cyclical	6,099	0.5	
Toyota Tsusho	Trading company	Latent	5,807	0.5	
iRobot	Domestic robots	Rapid	5,772	0.5	
Financial Engines	Investment advisory firm	Rapid	5,679	0.5	
Hays	Recruitment and human resources	Cyclical	5,581	0.5	
Cyberagent	Internet advertising and content	Rapid	5,566	0.5	
Softbank	Telecom operator and internet investor	Rapid	5,020	0.4	

* Denotes an unlisted security

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities (continued)					
Donic Nimrod Air One	Aircraft leasing	Latent	4,940	0.4	82.1
Facebook	Social networking	Rapid	4,905	0.4	
Japan Exchange	Stock exchange operator	Rapid	4,904	0.4	
MarketAxess	Electronic bond trading platform	Rapid	4,812	0.4	
Ritchie Bros Auctioneers	Industrial equipment auctioneer	Cyclical	4,763	0.4	
Zillow	US online real estate services	Rapid	4,762	0.4	86.1
Amylam Pharmaceuticals	Biotechnology	Rapid	4,456	0.4	
SK Hynix	Semiconductor manufacturer	Cyclical	4,437	0.4	
Leucadia National	Holding company	Cyclical	4,295	0.4	
Qiagen	Biotechnology equipment	Rapid	4,284	0.4	
M3	Online medical database	Rapid	4,284	0.4	88.8
Howard Hughes	Real estate developer	Latent	4,280	0.4	
BMF Bovespa	Stock exchange operator	Rapid	4,258	0.4	
Seattle Genetics	Biotechnology treatments for cancer	Rapid	4,250	0.4	
Coca Cola HBC	Soft drink producer and distributor	Stalwart	4,000	0.3	
HDFC	Indian mortgage provider	Rapid	3,753	0.3	89.1
Tsingtao Brewery	Brewer	Stalwart	3,605	0.3	
Alibaba	Online and mobile commerce	Rapid	3,541	0.3	
Stratasys	3D printer manufacturer	Rapid	3,083	0.3	
Aggreko	Power generation equipment rental	Cyclical	2,838	0.2	
Intuitive Surgical	Surgical robots	Rapid	2,744	0.2	89.1
Altus Resource Capital	Mining investment fund	Latent	2,434	0.2	
Twitter	Social network	Rapid	2,195	0.2	
Ferro Alloy Resources*	Vanadium mining	Cyclical	1,949	0.2	
President Energy	Oil and gas exploration and production	Cyclical	1,185	0.1	
NBNK Investments	Shell company	Latent	464	–	
Total Equity Investments			1,022,230	89.1	89.1
Bonds					
US Treasury 0.625% 31/12/16	US sovereign debt		55,123	4.8	6.5
Athena Debt Opportunities Fund*	Fund of asset-backed securities and other structured finance instruments		11,496	1.0	
Credit Suisse 0% Swap Rate Linked Note 2017*	Variable redemption linked to 30 year GBP swap rate		6,606	0.6	
K1 Life Settlements 0% 2016*	Bond linked to life insurance policies		1,170	0.1	
Total Bonds			74,395	6.5	
Total Investments			1,096,625	95.6	95.6
Net Liquid Assets			50,995	4.4	
Total Assets at Fair Value			1,147,620	100.0	100.0

* Denotes an unlisted security

Twelve Month Summary

	30 Aprl 2015	30 Aprl 2014	% change
Total assets (before deduction of borrowings)	£1,147.6m	£1,012.6m	
Borrowings	£124.0m	£39.7m	
Shareholders' funds	£1,023.6m	£972.9m	
Net asset value per ordinary share (after deducting borrowings at fair value)	476.0p	425.2p	11.9
Net asset value per ordinary share (after deducting borrowings at par)	478.3p	426.8p	12.1
Share price	435.1p	370.0p	17.6
FTSE World Index (in sterling terms)			15.2
Revenue earnings per ordinary share	4.74p	4.87p	(2.7)
Dividends paid and payable in respect of the financial year	3.95p	3.95p	–
Ongoing charges	0.58%	0.57%	
Discount (after deducting borrowings at fair value)	8.6%	13.0%	
Discount (after deducting borrowings at par)	9.0%	13.3%	
Active share*	93%	97%	

	2015	2014
Total return performance†		
Net asset value (after deducting borrowings at fair value)	13.0%	5.2%
Net asset value (after deducting borrowings at par)	13.1%	5.0%
Share price	18.8%	5.4%
FTSE World Index (in sterling terms)	18.0%	6.8%

	2015	2015	2014	2014
Year's high and low	High	Low	High	Low
Net asset value (after deducting borrowings at fair value)	504.4p	411.6p	455.3p	392.9p
Net asset value (after deducting borrowings at par)	506.6p	413.4p	457.0p	394.0p
Share price	456.9p	354.0p	404.9p	335.5p

During the year to 30 April 2015 the discount (borrowings at fair value) ranged from 7.7% to 15.1% (year to 30 April 2014 9.0% to 15.9%)

	30 Aprl 2015	30 Aprl 2014
Net return per ordinary share		
Revenue	4.74p	4.87p
Capital	46.84p	12.49p
Total return	51.58p	17.36p

* Active share – a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

† Source: Baillie Gifford/Morningstar

Five Year Summary

The following charts indicate how an investment in Monks has performed relative to its comparative index and its underlying net asset value over the five year period to 30 April 2015

5 Year Total Return Performance

(figures rebased to 100 at 30 April 2010)

Discount to Net Asset Value

(plotted on a monthly basis)

Annual Net Asset Value and Share Price Total Returns

Relative Annual Net Asset Value and Share Price Total Returns (relative to the FTSE World Index total return)

Past performance is not a guide to future performance

Ten Year Summary

Capital

At 30 April	Total assets £'000	Borrowings £'000	Shareholders' funds £'000	Shareholders' funds per share p	NAV per share * (fair) p	NAV per share * (par) p	Share price p	Discount † (fair) %	Discount † (par) %
2005	731,300	79,419	651,881	223.7	217.9	223.5	184.5	15.3	17.4
2006	1,094,620	159,422	935,198	325.4	319.6	325.3	290.0	9.3	10.9
2007	1,112,379	148,942	963,437	343.3	338.4	343.1	300.2	11.3	12.5
2008	1,110,368	79,516	1,030,852	390.2	386.5	390.0	348.0	10.0	10.8
2009	760,305	79,549	680,756	258.2	255.0	258.0	236.5	7.3	8.3
2010	1,077,918	119,582	958,336	367.2	364.1	367.0	313.0	14.0	14.7
2011	1,220,493	159,614	1,060,879	406.8	403.9	406.7	364.0	9.9	10.5
2012	1,149,366	159,647	989,719	386.4	382.8	386.3	338.5	11.6	12.4
2013	1,065,906	79,679	986,227	410.4	408.1	410.2	355.0	13.0	13.5
2014	1,012,608	39,712	972,896	426.9	425.2	426.8	370.0	13.0	13.3
2015	1,147,620	124,029	1,023,591	478.4	476.0	478.3	435.1	8.6	9.0

Revenue

Year to 30 April	Gross revenue £'000	Available for ordinary shareholders £'000	Revenue earnings per ordinary share # p	Dividend paid and proposed per share net p	Ongoing charges ‡ %
2005	16,955	5,064	1.73	1.70	0.65
2006	20,085	6,352	2.20	1.90	0.70
2007	25,738	11,182	3.91	3.15	0.59
2008	28,735	12,285	4.53	3.70	0.62
2009	33,949	18,384	6.97	6.00	0.62
2010	23,887	10,569	4.02	3.00	0.62
2011	27,366	10,600	4.06	3.00	0.63
2012	31,424	13,889	5.35	3.95	0.63
2013	22,983	11,778	4.68	3.95	0.60
2014	21,585	11,181	4.87	3.95	0.57
2015	20,215	10,549	4.74	3.95	0.58

Gearing Ratios

Gearing † %	Potential gearing § %
4	12
16	17
5	15
(2)	8
(2)	12
10	12
10	15
(7)	16
1	8
(1)	4
7	12

Cumulative Performance (taking 2005 as 100)

At 30 April	NAV per share (par)	NAV total return ^ (par)	Share price	Share price total return ^	Comparative Index	Index total return ^	Revenue earnings per share	Dividend paid and proposed per share (net)	Retail price index
2005	100	100	100	100	100	100	100	100	100
2006	146	146	157	158	130	133	127	112	103
2007	154	155	163	165	137	143	226	185	108
2008	174	177	189	193	135	144	262	218	112
2009	115	118	128	133	107	118	403	353	111
2010	164	175	170	182	140	159	232	176	116
2011	182	193	197	212	149	174	235	176	123
2012	173	185	183	199	141	169	309	232	126
2013	184	198	192	211	167	205	271	232	130
2014	191	208	201	222	174	219	282	232	133
2015	214	235	236	264	200	259	274	232	134

Compound annual returns

5 year	5.4%	6.1%	6.8%	7.8%	7.4%	10.3%	3.3%	5.7%	2.9%
10 year	7.9%	8.9%	9.0%	10.2%	7.2%	10.0%	10.6%	8.8%	3.0%

* Net asset value (NAV) per share has been calculated after deducting borrowings at either par value or fair value (see note 16, page 43)

† Discount is the difference between Monks' quoted share price and its underlying net asset value with borrowings at either par value or fair value

The calculation of revenue earnings per share is based on the revenue from ordinary activities after taxation and the weighted average number of ordinary shares in issue (see note 7, page 37)

‡ From 2012 calculated as total operating costs divided by average net asset value (with debt at fair value) in accordance with AIC guidelines. Prior years have not been recalculated as the change in methodology is not considered to result in a materially different figure

¶ The figures from 2011 onwards represent effective gearing (see Glossary of Terms on page 55). The figures for previous years represent total assets (including all debt used for investment purposes) less all cash and cash equivalents divided by shareholders' funds

§ Total assets (including all debt used for investment purposes) divided by shareholders' funds

^ Source: Thomson Reuters Datastream

Past performance is not a guide to future performance

Business Review

Business Model

Business and Status

The Company is an investment company within the meaning of section 833 of the Companies Act 2006 and carries on business as an investment trust. Investment trusts are UK public listed companies and their shares are traded on the London Stock Exchange. They invest in a portfolio of assets in order to spread risk. The Company has a fixed share capital although subject to shareholder approval sought annually, it may purchase its own shares. The price of shares is determined, like other listed shares, by supply and demand.

The Company has been approved as an investment trust by HM Revenue & Customs subject to the Company continuing to meet the eligibility conditions. The Directors are of the opinion that the Company has continued to conduct its affairs so as to enable it to comply with the ongoing requirements of Section 1158 of the Corporation Tax Act 2010.

The Company is an Alternative Investment Fund (AIF) for the purposes of the EU Alternative Fund Managers Directive.

Objective and Policy

The Company's objective 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.

There are no limits to geographical or sector exposures, but these are reported to, and monitored by, the Board in order to ensure that adequate diversification is achieved. The number of holdings in equities typically ranges from 70 to 200. At the financial year end, the portfolio contained 113 equity holdings. A portfolio review by the Managers is given on pages 4 to 8 and the investments held at the year end are listed on pages 9 to 11.

Investment may also be made in funds (open and closed-ended) including those managed by Baillie Gifford & Co. The maximum permitted investment in UK listed investment companies in aggregate is 15% of gross assets. Asset classes other than quoted equities may be purchased from time to time including fixed interest holdings, unquoted securities and derivatives. The Company may use derivatives for the purpose of efficient portfolio management (including reducing, transferring or eliminating investment risk in its investments and protection against currency risk) and to achieve capital growth.

While there is a comparative index for the purpose of measuring performance, no attention is paid to the composition of this index when constructing the portfolio, the portfolio may, therefore, differ substantially from that of the index. A long term view is taken and there may be periods when the net asset value per share declines both in absolute terms and relative to the comparative index. Payment of dividends is secondary to achieving capital growth. The shares are not considered to be a suitable investment for those seeking a regular or rising income.

Borrowings are invested in equities and other asset classes when this is considered to be appropriate on investment grounds. Gearing levels, and the extent of equity gearing, are discussed by the Board and Managers at every Board meeting and adjusted accordingly with regard to the outlook. New borrowings will not

be taken out if this takes the level of effective equity gearing to over 30% of shareholders' funds. Equity exposure may, on occasions, be below 100% of shareholders' funds.

Performance

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives.

Key Performance Indicators

The key performance indicators (KPIs) used to measure the progress and performance of the Company over time are established industry measures and are as follows:

- the movement in net asset value per ordinary share on a total return basis,
- the movement in the share price on a total return basis,
- the discount, and
- ongoing charges.

The one, five and ten year records of the KPIs are shown on pages 12 to 14. In addition to the above, the Board also considers peer group comparative performance.

Principal Risks

As explained on page 21 there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. The principal risks associated with the Company are as follows:

Financial Risk – The Company's assets consist mainly of listed securities and its principal risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed are contained in note 21 to the financial statements on pages 44 to 48.

Regulatory Risk – failure to comply with applicable legal and regulatory requirements such as the tax rules for investment companies, the UKLA Listing Rules and the Companies Act could lead to the Company being subject to tax on capital gains, suspension of the Company's Stock Exchange Listing, financial penalties or a qualified audit report. Baillie Gifford's Business Risk, Internal Audit and Compliance Departments provide regular reports to the Audit Committee on Baillie Gifford's monitoring programmes.

Major regulatory change could impose disproportionate compliance burdens on the Company. In such circumstances representation is made to ensure that the special circumstances of investment trusts are recognised.

Operational Risk – failure of Baillie Gifford's accounting systems or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets. Baillie Gifford have a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption or major disaster. The Board reviews Baillie Gifford's Report on Internal Controls and the reports by other third party providers are reviewed by Baillie Gifford on behalf of the Board.

Discount Volatility – the discount at which the Company's shares trade can widen. The Board monitors the level of discount and the Company has authority to buy back its own shares.

Strategic Report

Leverage Risk – the Company may borrow money for investment purposes. If the investments fall in value, any borrowings will magnify the extent of this loss. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings. The Company can also make use of derivative contracts.

All borrowings require the prior approval of the Board and leverage levels are discussed by the Board and Managers at every meeting. The majority of the Company's investments are in quoted securities that are readily realisable. Further information on leverage can be found on page 55.

Employees, Human Rights and Community Issues

The Board recognises the requirement to provide information about employees, human rights and community issues. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, these requirements do not apply to the Company.

Gender Representation

The Board comprises six Directors, five male and one female. The Company has no employees. The Board's policy on diversity is set out on page 20.

Environmental, Social and Governance Policy

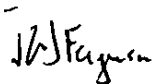
Details of the Company's policy on socially responsible investment can be found under Corporate Governance and Stewardship on page 22.

Future Developments of the Company

The outlook for the Company is set out in the Chairman's Statement on page 2 and the Managers' Report on pages 4 and 5.

The Strategic Report which includes pages 2 to 16 was approved by the Board of Directors and signed on its behalf on 16 June 2015.

JGD Ferguson
Chairman



Directors and Management

Directors

JGD Ferguson

James Ferguson was appointed a Director in 2002 and became Chairman in 2005. He is chairman of Value & Income Trust plc, The Scottish Oriental Smaller Companies Trust Plc, The North American Income Trust PLC, Amati Global Investors Limited and Northern 3 VCT Plc. He is a director of The Independent Investment Trust PLC and Audax Properties PLC. He joined Stewart Ivory in 1970, becoming chairman and chief executive in 1989 and retiring in 2000. He is a former deputy chairman of the Association of Investment Companies.

CC Ferguson

Carol Ferguson was appointed a Director in 2003. A qualified Chartered Accountant, she began her investment career with Ivory & Sime, an Edinburgh fund management group. Thereafter, she moved to Wood Mackenzie, stockbrokers, becoming a partner in 1984. Her most recent position was as Finance Director for Timney Fowler, a textiles company. She is chairman of BlackRock Greater Europe Investment Trust plc and Invesco Asia Trust plc and senior independent director and chairman of the audit committee of Vernalis plc. She is a director of Standard Life UK Smaller Companies Trust PLC, the Chartered Accountants Compensation Scheme and is a former chairman of the Association of Investment Companies.

EM Harley

Edward Harley was appointed a Director in 2003. He joined Cazenove & Co in 1983, becoming a partner in 1994. He has considerable experience of overseas markets, having worked in New York and latterly with responsibility for the firm's business in Latin America, S E Asia and Australia. He is currently a director at Cazenove Capital Management. He is involved with the charitable sector both as a trustee and as a member of investment committees and is chairman of the Acceptance in Lieu Panel.

DCP McDougall

Douglas McDougall was appointed a Director in 1999 and is the Senior Independent Director. He is chairman of The Scottish Investment Trust plc, The Independent Investment Trust PLC and The European Investment Trust plc. He is a director of Herald Investment Trust plc and Pacific Horizon Investment Trust PLC. From 1969 to 1999 he was a partner in Baillie Gifford & Co and from 1989 to 1999 was joint senior partner and chief investment officer. He is a former chairman of the Investment Management Regulatory Organisation, the Fund Managers' Association and the Association of Investment Companies.

KS Sternberg

Karl Sternberg was appointed a Director in 2013. He worked for Morgan Grenfell Asset Management (owned by Deutsche Bank) from 1992 to 2005 in a variety of roles, ultimately as the chief investment officer of Deutsche Asset Management Limited. He left that role to establish Oxford Investment Partners, an investment management company for a group of Oxford colleges, where he was chief executive officer until 2013. He is chairman of JPMorgan Income & Growth Investment Trust PLC and is a director of Island House Investments LLP, Herald Investment Trust plc, Lowland Investment Company PLC and Clipstone Logistics REIT plc.

JJ Tighe

Jeremy Tighe was appointed a Director on 30 September 2014 and became Chairman of the Audit Committee on 1 May 2015. Mr Tighe was fund manager of Foreign & Colonial Investment Trust PLC from 1997 to June 2014. He is currently chairman of BACIT Limited (Battle Against Cancer Investment Trust) and is a director of Graphite Enterprise Trust PLC, The Mercantile Investment Trust plc and Standard Life Equity Income Trust PLC. He was a director of the Association of Investment Companies from 2003 to 2013.

All the Directors, with the exception of Mr DCP McDougall, are members of the Audit Committee. Mr JJ Tighe succeeded Mr JGD Ferguson as Chairman of the Audit Committee on 1 May 2015.

Managers and Secretaries

The Company has appointed Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, as its Alternative Investment Fund Manager ('AIFM') and Company Secretary. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. Baillie Gifford & Co is an investment management firm formed in 1927 out of the legal firm Baillie & Gifford, WS, which had been involved in investment management since 1908.

Baillie Gifford is one of the largest investment trust managers in the UK and currently manage seven investment trusts. Baillie Gifford also manages unit trusts and Open Ended Investment Companies, together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under the management or advice of Baillie Gifford total around £125 billion as at 12 June 2015. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 40 partners and a staff of around 820.

With effect from 27 March 2015 the manager of Monks portfolio is Charles Plowden and the deputy managers are Spencer Adair and Malcolm MacColl. Charles, Spencer and Malcolm are all Partners at Baillie Gifford and have been working together since 2005. Charles is one of Baillie Gifford's two joint senior partners.

Baillie Gifford & Co and Baillie Gifford & Co Limited are both authorised and regulated by the Financial Conduct Authority.

Directors' Report

The Directors present their Report together with the audited financial statements of the Company for the year to 30 April 2015

Corporate Governance

The Corporate Governance Report is set out on pages 20 to 22 and forms part of this Report

Manager and Company Secretaries

In order to comply with the Alternative Investment Fund Managers Directive ('AIFMD'), the Company has appointed Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, as its Alternative Investment Fund Manager ('AIFM') with effect from 1 July 2014. Baillie Gifford & Co Limited was also appointed Company Secretaries with effect from the same date. The investment management agreement with Baillie Gifford & Co has been terminated and the Company has entered into a new agreement with Baillie Gifford & Co Limited. The management fee and notice period are unchanged under these new arrangements. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co, therefore the Company's portfolio continues to be managed by Baillie Gifford & Co.

The Investment Management Agreement sets out the matters over which the Managers have authority in accordance with the policies and directions of, and subject to restrictions imposed by, the Board. The Investment Management Agreement is terminable on not less than six months' notice. Compensation fees would only be payable in respect of the notice period if termination were to occur sooner. The annual management fee payable is 0.45% of total assets less current liabilities, calculated and payable quarterly.

The function of the Management Engagement Committee is fulfilled by those members of the Board who are also members of the Audit Committee ('Qualifying Directors'). The Board reviews investment performance and monitors the arrangements for the provision of investment management and secretarial services to the Company on a continuous basis. As explained in the Chairman's Statement, in order to address the Company's underperformance in recent years, the Board agreed to move the management of the portfolio to Baillie Gifford's Global Alpha strategy which has a well established process and strong performance record. A formal evaluation of the Managers by the Qualifying Directors is conducted annually. The Qualifying Directors' annual evaluation considered, amongst others, the following topics: the recent change in portfolio management arrangements outlined in the Chairman's Statement, the quality of policy guidance and explanations, the investment strategy and performance, administrative competence, the quality and coverage of papers, the marketing efforts undertaken by the Managers, communication with shareholders, and the service level provided by, and relationship with, the Managers generally.

Following the most recent evaluation in April 2015, the Qualifying Directors are in agreement that the continuing appointment of Baillie Gifford & Co Limited as AIFM and the delegation of investment management services to Baillie Gifford & Co on the terms agreed, is in the interest of shareholders as a whole.

The Qualifying Directors consider that maintaining a low ongoing charge ratio is in the best interest of shareholders. The Qualifying Directors continue to give careful consideration to the basis of the management fee.

Depositary

In accordance with the AIFMD, the Company appointed BNY Mellon Trust & Depositary (UK) Limited as its Depositary with effect from 1 July 2014. The Depositary Agreement replaced the custody agreement with the Bank of New York Mellon SA/NV. The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The Depositary has delegated the custody function to The Bank of New York Mellon SA/NV ('the Custodian').

Directors

Information about the Directors who were in office during the year and up to the date the financial statements were signed, including their relevant experience, can be found on page 17.

Mr Jeremy Tigue, having been appointed to the Board with effect from 30 September 2014, is required to seek election by shareholders at the Annual General Meeting. The Directors believe that the Board will benefit from his extensive experience of the management of investment trusts and recommend his election to shareholders. Further information on Jeremy Tigue is provided on page 17.

In accordance with the provisions of the UK Corporate Governance Code, all other Directors are retiring at the Annual General Meeting and are offering themselves for re-election. Following formal performance evaluation, the Chairman confirms that the Board considers that their performance continues to be effective and that they remain committed to the Company. The Board therefore recommends their re-election to shareholders.

Directors' Indemnity and Insurance

The Company has entered into deeds of indemnity in favour of each of its Directors. The deeds cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, any costs incurred in connection with criminal proceedings in which the Director is convicted or civil proceedings brought by the Company in which judgement is given against him/her. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person. The Company also maintains Directors' and Officers' liability insurance.

Conflicts of Interest

Each Director submits a list of potential conflicts of interest to the Board on an annual basis. The Board considers these carefully, taking into account the circumstances surrounding them and, if considered appropriate, they are approved for a period of one year. Having considered the lists of potential conflicts there were no actual direct or indirect interests of a Director which conflicted with the interests of the Company.

Dividends

The Board recommends a final dividend of 3.45p per ordinary share which, together with the interim already paid, makes a total of 3.95p for the year. If approved, the recommended final dividend on the ordinary shares will be paid on 7 August 2015 to shareholders on the register at the close of business on 10 July 2015. The ex-dividend date is 9 July 2015. The Company's Registrar offers a Dividend Reinvestment Plan (see page 52) and the final date for elections for this dividend is 17 July 2015.

Share Capital

Capital Structure

The Company's capital structure consists of 213,963,859 ordinary shares of 5p each at 30 April 2015. There are no restrictions concerning the holding or transfer of the Company's ordinary shares and there are no special rights attached to any of the shares.

Dividends

The ordinary shares carry a right to receive dividends. Interim dividends are determined by the Directors, whereas the proposed final dividend requires shareholder approval.

Capital entitlement

On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to ordinary shareholders in proportion to their shareholdings.

Voting

Each ordinary shareholder present in person or by proxy is entitled to one vote on a show of hands and, on a poll, to one vote for every share held.

Information on the deadlines for proxy appointments can be found on page 50.

Major Interests in the Company's Shares

The Company has received notifications of the following interests in 3% or more of the voting rights of the Company as at 30 April 2015. Since the year end, Investec Wealth & Investment Limited's interest in the voting rights of the Company fell below 3%. There have been no other changes to the major interests in the Company's shares intimated up to 12 June 2015.

Name	Ordinary 5p shares held at 30 April 2015	% of issue
Investec Wealth & Investment Limited	7,801,765	3.6

Purchase of Own Shares

During the year to 30 April 2015 the Company bought back 13,924,000 ordinary shares (nominal value £696,000, representing 6.1% of the called up share capital at 30 April 2014) on the London Stock Exchange for cancellation. The total consideration for these shares was £55,091,000. As at 12 June 2015, the Company had not bought back any shares since the year end. The principal reason for share buy-backs is to enhance net asset value per share for continuing shareholders by purchasing shares at a discount to the prevailing net asset value. The shares were purchased at a price (after allowing for costs) below the net asset value per share and subsequently cancelled, thereby reducing the issued share capital (see note 13 on page 42).

The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to purchase up to 14.99% of the Company's ordinary shares in issue at the date of passing of the resolution, such authority to expire at the Annual General Meeting of the Company to be held in respect of the year ending 30 April 2016.

In accordance with the Listing Rules of the UK Listing Authority, the maximum price (excluding expenses) that may be paid on the exercise of the authority must not exceed the higher of

- (i) 5 per cent above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase, and
- (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange.

The minimum price (exclusive of expenses) that may be paid is 5p per share. Purchases of shares will be made within guidelines established, from time to time, by the Board. The Company does not have any warrants or options in issue. Your attention is drawn to Resolution 12 in the Notice of Annual General Meeting on page 49. This authority, if conferred, will be exercised only if to do so would result in an increase in net asset value per ordinary share for the remaining shareholders and if it is in the best interests of shareholders generally.

Articles of Association

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders.

Disclosure of Information to Auditors

The Directors confirm that so far as each of the Directors is aware there is no relevant audit information of which the Company's Auditors are unaware and the Directors have taken all the steps that they might reasonably be expected to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Post Balance Sheet Events

The Directors confirm that there have been no post-Balance Sheet events up to 16 June 2015.

Independent Auditors

Resolutions to reappoint PricewaterhouseCoopers LLP as independent Auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Greenhouse Gas Emissions

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

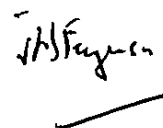
Bribery Act

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Managers also adopt a zero tolerance approach and have policies and procedures in place to prevent bribery.

Recommendation

The Directors unanimously recommend you vote in favour of the resolutions to be proposed at the Annual General Meeting as it is their view that the resolutions are in the best interests of shareholders as a whole.

By order of the Board
JGD Ferguson
Chairman
16 June 2015



Corporate Governance Report

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the 2012 UK Corporate Governance Code (the 'Code') which can be found at www.frc.org.uk, and the relevant principles of the Association of Investment Companies (AIC) Code of Corporate Governance were applied throughout the financial year. The AIC Code provides a framework of best practice for investment companies and can be found at www.theaic.co.uk

Compliance

The Company has complied throughout the year under review with the relevant provisions of the Code and the recommendations of the AIC Code except as follows

- a Nomination Committee has not been established. As the Board comprises only six non-executive Directors, all of whom are considered to be independent, a Nomination Committee is considered unnecessary. The appointment of new directors is considered by the Board as a whole. The Board conducts an annual review of its composition having regard to the present and future needs of the Company,
- Mr JGD Ferguson, Chairman of the Board, is a member of the Audit Committee and was Chairman of the Committee until 1 May 2015. The Board believes it is appropriate for Mr Ferguson to be a member of the Audit Committee as he is considered to be independent and there are no conflicts of interest. Mr JJ Tighe was appointed Chairman of the Audit Committee on 1 May 2015, and
- the evaluation of the Board has not been externally facilitated. The Board is of the opinion that the use of external consultants to assist with the evaluation is unlikely to bring any meaningful benefit to the process, though the option to do so is kept under review.

The Board

The Board has overall responsibility for the Company's affairs. It has a number of matters reserved for its approval including strategy, investment policy, currency hedging, borrowings, gearing, treasury matters, dividend and corporate governance policy. A separate strategy session is held annually. The Board also reviews the financial statements, investment transactions, revenue budgets and performance. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

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

The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibility for investment management has been delegated to the Company's Alternative Investment Fund Manager ('AIFM'), Baillie Gifford & Co Limited, and, in the context of a Board comprising only non-executive Directors, there is no chief executive officer. The Senior Independent Director is Mr DCP McDougall.

The Directors believe that the Board has a balance of skills and experience that enables it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on page 17.

There is an agreed procedure for Directors to seek independent professional advice, if necessary, at the Company's expense.

Appointments to the Board

Appointments to the Board are made on merit with due regard for the benefits of diversity including gender. The priority in appointing new directors is to identify the candidate with the best range of skills and experience to complement existing Directors. The Board therefore does not consider it appropriate to set diversity targets.

The Board intimated in last year's Annual Report that it expected to appoint an additional Director this year. Having considered the balance of skills on the Board and having regard to the present and future needs of the Company, it appointed Mr Jeremy Tighe as a Director with effect from 30 September 2014. Mr Tighe was fund manager of Foreign & Colonial Investment Trust PLC from 1997 to June 2014 and retired from F&C Management in 2014 after thirty-three years. He is currently chairman of BACIT Limited (Battle Against Cancer Investment Trust) and is a director of Graphite Enterprise Trust PLC, The Mercantile Investment Trust plc and Standard Life Equity Income Trust PLC. He was a director of the Association of Investment Companies from 2003 to 2013. As the Board had identified a candidate who met its requirements it was not considered necessary to use a recruitment agency on this occasion.

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for inspection on request.

A Director appointed during the year is required to retire and seek election by shareholders at the next Annual General Meeting. In accordance with the Code, all Directors offer themselves for re-election annually.

Independence of Directors

All the Directors are considered by the Board to be independent of the Managers and free of any business or other relationship which could interfere with the exercise of their independent judgement.

The Directors recognise the importance of succession planning for company boards and the Board's composition is reviewed annually. The Board is of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment trust company, where continuity and experience can be a benefit to the Board. The Board concurs with the view expressed in the AIC Code that long serving directors should not be prevented from being considered independent.

Mr McDougall is a director of Pacific Horizon Investment Trust PLC which is also managed by Baillie Gifford. Mr McDougall and Mr Ferguson are both directors of The Independent Investment Trust PLC. Mr McDougall and Mr Sternberg are both Directors of Herald Investment Trust plc. All the Directors apart from Mr Sternberg and Mr Tighe have served for more than nine years. Following a formal performance evaluation the Board has concluded that, notwithstanding the above, Mr McDougall, Mr Ferguson, Mr Harley, Ms Ferguson and Mr Sternberg continue to demonstrate independence of character and judgement. Their skills and experience add significantly to the strength of the Board.

Meetings

There is an annual cycle of Board meetings which is designed to address, in a systematic way, overall strategy, review of investment policy, investment performance, marketing, revenue budgets, dividend policy and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The table below shows the attendance record for the Board and the Audit Committee meetings held during the year. The Annual General Meeting was attended by all Directors serving at that date.

Directors' Attendance at Meetings

	Board	Audit Committee
Number of meetings	7	2
JGD Ferguson	7	2
CC Ferguson	7	2
EM Harley	7	2
DCP McDougall	7	–*
KS Sternberg	7	2
JJ Tighe	4†	1†

*Mr DCP McDougall is not a member of the Audit Committee

†Mr JJ Tighe attended all the meetings subsequent to his appointment on 30 September 2014

Performance Evaluation

An appraisal of the Chairman, each Director and a performance evaluation and review of the Board as a whole and the Audit Committee was carried out during the year. After considering and responding to an evaluation questionnaire each Director had an interview with the Chairman. The Chairman's appraisal was led by Mr DCP McDougall, the Senior Independent Director. The appraisals and evaluations considered, amongst other criteria, the balance of skills of the Board, training and development requirements, the contribution of individual Directors and the overall effectiveness of the Board and the Audit Committee. Following this process it was concluded that the performance of each Director, the Chairman, the Board and the Audit Committee continues to be effective and that each Director and the Chairman remain committed to the Company. The Board is of the opinion that the use of external consultants to assist with the evaluation is unlikely to bring any meaningful benefit to the process, though the option to do so is kept under review.

A review of the Chairman's and other Directors' commitments was carried out and the Board is satisfied that they are capable of devoting sufficient time to the Company. There were no significant changes to the Chairman's other commitments during the year.

Induction and Training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. Briefings were provided during the year on industry and regulatory matters. Directors receive other relevant training as necessary.

Remuneration

As all the Directors are non-executive there is no requirement for a separate Remuneration Committee. Directors' fees are considered by the Board as a whole within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Report on pages 25 and 26.

Audit Committee

The report of the Audit Committee is set out on pages 23 and 24.

Internal Controls and Risk Management

The Directors acknowledge their responsibility for the Company's risk management and internal control systems and for reviewing their effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the guidance 'Internal Control Revised Guidance for Directors on the Combined Code'.

The practical measures in relation to the design, implementation and maintenance of control policies and procedures to safeguard the Company's assets and to manage its affairs properly, including the maintenance of effective operational and compliance controls have been delegated to the Managers and Secretaries.

The Board oversees the functions delegated to the Managers and Secretaries and, with effect from 1 July 2014, the controls managed by the AIFM in accordance with the Alternative Investment Fund Managers Directive (as detailed below). Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provide the Audit Committee with regular reports on their monitoring programmes. The reporting procedures for these departments are defined and formalised within a service level agreement. Baillie Gifford & Co conducts an annual review of its system of internal controls which is documented within an internal controls report which complies with ISAE 3402 and Technical Release AAF 01/06 – Assurance Reports on Internal Controls of Service Organisations made available to Third Parties. This report is independently reviewed by Baillie Gifford & Co's auditors and a copy is submitted to the Audit Committee.

A report identifying the material risks faced by the Company and the key controls employed to manage these risks is reviewed by the Audit Committee.

These procedures ensure that consideration is given regularly to the nature and extent of risks facing the Company and that they are being actively monitored. Where changes in risk have been identified during the year they also provide a mechanism to assess whether further action is required to manage these risks.

The Directors confirm that they have reviewed the effectiveness of the Company's risk management and internal controls systems and they have procedures in place to review their effectiveness on a regular basis. No significant weaknesses were identified in the year under review and up to the date of this Report.

The Board confirms that these procedures have been in place throughout the Company's financial year and continue to be in place up to the date of approval of this Report.

With effect from 1 July 2014, the Company entered into arrangements to comply with the Alternative Fund Managers Directive. The Company appointed BNY Mellon Trust & Depositary (UK) Limited as its Depositary and Baillie Gifford & Co Limited as its AIFM.

Governance Report

The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Depositary has delegated the custody function to The Bank of New York Mellon SA/NV London Branch. The Custodian prepares a report on its key controls and safeguards which is independently reviewed by KPMG LLP.

The Depositary provides the Audit Committee with a report on its monitoring activities.

The AIFM has established a permanent risk management function to ensure that effective risk management policies and procedures are in place and to monitor compliance with risk limits. The AIFM has a risk management policy which covers the risks associated with the management of the portfolio, and the adequacy and effectiveness of this policy is reviewed and approved at least annually. This review includes the risk management processes and systems and limits for each risk area.

The risk limits, which are set by the AIFM and approved by the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits, including leverage (see page 55), are monitored and the sensitivity of the portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables in the portfolio. Exceptions from limits monitoring and stress testing are escalated to the AIFM and reported to the Board along with remedial measures being taken.

Going Concern

In accordance with the Financial Reporting Council's guidance on going concern and liquidity risk, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's principal risks are market related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is contained in note 21 to the financial statements. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. The Board approves borrowing and gearing limits and reviews regularly the amounts of any borrowings and the level of gearing as well as compliance with borrowing covenants. Accordingly, the financial statements have been prepared on the going concern basis as it is the Directors' opinion that the Company will continue in operational existence for the foreseeable future.

Relations with Shareholders

The Board places great importance on communication with shareholders. The Company's Managers meet regularly with shareholders and report shareholders' views to the Board. The Chairman has maintained open lines of communication with market participants and investors in the Company, separate of Manager involvement, in order to ascertain views on corporate matters. The Chairman is available to meet with shareholders as appropriate. Shareholders wishing to communicate with any members of the Board may do so by writing to them at the Secretaries' address or through the Company's Broker, Canaccord Genuity Limited (see contact details on the back cover).

The Company's Annual General Meeting provides a forum for communication with all shareholders. The level of proxies lodged for each resolution is announced at the meeting and is published at www.monksinvestmenttrust.co.uk subsequent to the meeting. The notice period for the Annual General Meeting is at least twenty working days.

Shareholders and potential investors may obtain up-to-date information on the Company at www.monksinvestmenttrust.co.uk.

Corporate Governance and Stewardship

The Company has given discretionary voting powers to Baillie Gifford & Co. The Managers vote against resolutions they consider may damage shareholders' rights or economic interests and report their actions to the Board.

The Company believes that it is in the shareholders' interests to consider environmental, social and governance (ESG) factors when selecting and retaining investments and have asked the Managers to take these issues into account. The Managers do not exclude companies from their investment universe purely on the grounds of ESG factors but adopt a positive engagement approach whereby matters are discussed with management with the aim of improving the relevant policies and management systems and enabling the Managers to consider how ESG factors could impact long term investment returns. The Managers' statement of compliance with the UK Stewardship Code can be found on the Managers' website at www.bailliegifford.com. The Managers' policy has been reviewed and endorsed by the Board.

The Managers are signatories to the United Nations Principles for Responsible Investment and the Carbon Disclosure Project.

By order of the Board
JGD Ferguson
Chairman
16 June 2015

Audit Committee Report

The Audit Committee consists of all the Directors except Mr DCP McDougall. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. Mr JGD Ferguson was Chairman of the Audit Committee until 1 May 2015 when Mr JJ Tighe succeeded him as Chairman. The Board believes it is appropriate for Mr Ferguson to be a member of the Committee as he is considered to be independent and there are no conflicts of interest. The Committee's authority and duties are clearly defined within its written terms of reference which are available on request from the Company Secretary and at www.monksinvestmenttrust.co.uk

The terms of reference are reviewed annually.

The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process.

At least once a year the Committee meets with the external Auditors without any representative of the Managers being present.

Main Activities of the Committee

The Committee met twice during the year and PricewaterhouseCoopers LLP, the external Auditors, attended one of these meetings. Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provided reports on their monitoring programmes for these meetings.

The matters considered, monitored and reviewed by the Committee during the course of the year included the following:

- the preliminary results announcement and the annual and half-yearly reports,
- the Company's accounting policies and practices,
- the regulatory changes impacting the Company,
- the fairness, balance and understandability of the Annual Report and whether it provided the information necessary for shareholders to assess the Company's performance, business model and strategy,
- the effectiveness of the Company's internal control environment,
- reappointment, remuneration and engagement letter of the external Auditors,
- whether the audit services contract should be put out to tender,
- the policy on the engagement of the external Auditors to supply non-audit services,
- the independence, objectivity and effectiveness of the external Auditors,
- the need for the Company to have its own internal audit function,
- internal controls reports received from the Managers and custodians, and
- the arrangements in place within Baillie Gifford & Co whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Internal Audit

The Committee continues to believe that the compliance and internal control systems and the internal audit function in place within the Investment Managers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function, specific to the Company, is therefore considered unnecessary.

Financial Reporting

The Committee considers that the most significant issues likely to impact the financial statements are the existence and valuation of investments, as they represent 96% of total assets, and the accuracy and completeness of investment income.

The majority of the investments are in quoted securities and market prices are readily available from independent external pricing sources. The Committee reviewed the Managers' Report on Internal Controls which details the controls in place regarding recording and pricing of investments and accurate recording of investment income.

The value of all the listed investments as at 30 April 2015 were agreed to external price sources. The Committee considered the value of all unquoted investments at 30 April 2015, which are determined using valuation techniques based upon latest dealing prices, stockbroker valuation, net assets values and other information as appropriate, and assessed the appropriateness of the judgements and assumptions used in valuing such investments. The portfolio holdings were agreed to confirmations from the Company's custodian.

The Managers confirmed to the Committee that they were not aware of any material misstatements in the context of the Financial Statements as a whole.

Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on pages 21 and 22. No significant weaknesses were identified in the year under review.

External Auditors

To fulfil its responsibility regarding the independence of the external Auditors, the Committee reviewed:

- the audit plan for the current year,
- a report from the Auditors describing its arrangements to manage auditor independence and received confirmation of its independence, and
- the extent of non-audit services provided by the external Auditors. Non-audit fees for the year to 30 April 2015 were £1,000 and related to the certification of financial information to the debenture trustee. The Committee does not believe that this has impaired the Auditors' independence.

To assess the effectiveness of the external Auditors, the Committee reviewed and considered:

- the Auditors' fulfilment of the agreed audit plan,
- feedback from the Secretaries on the performance of the audit team, and
- the Audit Quality Inspection Report from the FRC.

Governance Report

To fulfil its responsibility for oversight of the external audit process the Committee considered and reviewed

- the Auditors' engagement letter,
- the Auditors' proposed audit strategy,
- the audit fee, and
- a report from the Auditors on the conclusion of the audit

PricewaterhouseCoopers LLP, or its predecessor firms, have been engaged as the Company's Auditors for over 27 years. The audit partners responsible for the audit are rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business. The current lead audit partner, Ms Catrin Thomas, has been in place for three years and will continue as partner until the conclusion of the 2017 audit.

PricewaterhouseCoopers LLP have confirmed that they believe they are independent within the meaning of regulatory and professional requirements and that the objectivity of the audit partner and staff is not impaired.

Having carried out the review described above, the Committee is satisfied that the Auditors remain independent and effective and as such, has not considered it necessary to conduct a tender process for the appointment of its Auditors at this stage. In accordance with FRC guidance, the Committee will consider conducting a tender process during the year to 30 April 2017 to coincide with the five year rotation cycle of the current partner, Ms Thomas.

The Committee is aware that EU regulations in relation to the statutory audits of EU listed companies will require the Company to change its audit firm by 2020.

There are no contractual obligations restricting the Committee's choice of external auditors.

Accountability and Audit

The respective responsibilities of the Directors and the Auditors in connection with the Financial Statements are set out on pages 27 to 30.

By order of the Board
JJ Tigue
Chairman of the Audit Committee
16 June 2015

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of the Companies Act 2006

Statement by the Chairman

The Directors' Remuneration Policy is subject to shareholder approval every three years or sooner if an alteration to the policy is proposed. The Remuneration Policy which is set out below was approved at the Annual General Meeting in August 2014 and no changes are proposed.

The Board reviewed the level of fees during the year and it was agreed that, with effect from 1 May 2015, the Chairman of the Audit Committee would receive an additional fee of £2,500 per annum. The Chairman's and Directors' fees, which were last increased on 1 November 2011, remain unchanged at £37,500 and £25,000, respectively.

Directors' Remuneration Policy

The Board is composed wholly of non-executive Directors, none of whom has a service contract with the Company. There is no separate remuneration committee and the Board as a whole considers changes to Directors' fees from time to time. Baillie Gifford & Co Limited, the Company Secretaries, provides comparative information when the Board considers the level of Directors' fees.

The Board's policy is that the remuneration of Directors should be set at a reasonable level that is commensurate with the duties and responsibilities of the role and consistent with the requirement to attract and retain Directors of the appropriate quality and experience. The Board believes that the fees paid to the Directors should reflect the experience of the Board as a whole, be fair and should take account of the level of fees paid by comparable investment trusts. Any views expressed by shareholders on the fees being paid to Directors will be taken into consideration by the Board when reviewing the Board's policy on remuneration.

The fees for the non-executive Directors are payable quarterly in arrears and are determined within the limit set out in the Company's Articles of Association which is currently £200,000 in aggregate. Any change to this limit requires shareholder approval. Non-executive Directors are not eligible for any other remuneration or benefits apart from the reimbursement of allowable expenses. There are no performance conditions relating to Directors' fees and there are no long-term incentive schemes or pension schemes. No compensation is payable on loss of office.

The fees paid to Directors in respect of the year ended 30 April 2015 and the expected fees payable in respect of the year ending 30 April 2016 are set out in the table below. The fees payable to the Directors in the subsequent financial periods will be determined following an annual review of the Directors' fees.

	Expected fees for year ending 30 Apr 2016 £	Fees as at 30 Apr 2015 £
Chairman's fee	37,500	37,500
Non-executive Director fee	25,000	25,000
Additional fee for Chairman of the Audit Committee	2,500	–
Total aggregate annual fees that can be paid to the Directors in any year under the Directors' Remuneration Policy, as set out in the Company's Articles of Association	200,000	200,000

Annual Report on Remuneration

An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's Auditors to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in the Independent Auditors' Report on pages 28 to 30.

Directors' Remuneration for the Year (audited)

The Directors who served during the year received the following remuneration in the form of fees and taxable benefits. This represents the entire remuneration paid to the Directors.

Name	2015 Fees £	2015 Taxable benefits* £	2015 Total £	2014 Fees £	2014 Taxable benefits* £	2014 Total £
JGD Ferguson	37,500	1,277	38,777	37,500	1,528	39,028
CC Ferguson	25,000	–	25,000	25,000	–	25,000
EM Harley	25,000	251	25,251	25,000	246	25,246
DCP McDougall	25,000	1,168	26,168	25,000	1,325	26,325
KS Sternberg (appointed 1/7/13)	25,000	–	25,000	20,833	–	20,833
JJ Tighe (appointed 30/9/14)	14,679	–	14,679	–	–	–
	152,179	2,696	154,875	133,333	3,099	136,432

* Comprises expenses incurred by Directors in the course of travel to attend Board and Committee meetings held at the London offices of Baillie Gifford & Co Limited, the Company's Secretaries.

Governance Report

Directors' Interests (audited)

The Directors at the end of the year under review and their interests in the Company are as shown in the following table. During the period from 1 May 2015 to 12 June 2015 Mr KS Sternberg added 1,750 shares to his beneficial interest and Mr DCP McDougall acquired a non-beneficial interest in respect of 139,915 shares. There have been no other changes intimated in the Directors' interests up to 12 June 2015.

Name	Nature of interest	Ordinary 5p shares held at 30 April 2015	Ordinary 5p shares held at 30 April 2014 *
JGD Ferguson	Beneficial	220,000	220,000
CC Ferguson	Beneficial	50,000	50,000
EM Harley	Beneficial	200,000	200,000
DCP McDougall	Beneficial	1,373,160	1,373,160
KS Sternberg	Beneficial	8,733	6,733
	Non-beneficial	–	3,213,200
JJ Tighe (appointed 30/9/14)	Beneficial	27,984	–

* Or date of appointment if later

Statement of Voting at Annual General Meeting

At the last Annual General Meeting, of the proxy votes received in respect of the Directors' Remuneration Policy, 99.6% were in favour, 0.3% were against and votes withheld were 0.1% and in respect of the Directors' Remuneration Report, 99.6% were in favour, 0.3% were against and votes withheld were 0.1%.

Relative Importance of Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders.

Company Performance

The following graph compares the share price total return (assuming all dividends are reinvested) to Monks ordinary shareholders compared with the total shareholder return on a notional investment made up of shares in the component parts of the FTSE All-Share Index. This index was chosen for comparison purposes as it is a widely used measure of performance for UK listed companies (FTSE World Index, which is the Company's comparative index, is provided for information purposes only).

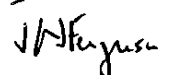
Performance Graph

(figures rebased to 100 at 30 April 2009)

Approval

The Directors' Remuneration Report on pages 25 and 26 was approved by the Board of Directors and signed on its behalf on 16 June 2015.

JGD Ferguson
Chairman



Past performance is not a guide to future performance

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors have delegated responsibility to the Managers for the maintenance and integrity of the Company's page on the Managers' website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed within the Directors and Management section, confirm that, to the best of their knowledge

- the financial statements, which have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) give a true and fair view of the assets, liabilities, financial position and net return of the Company,
- the Annual Report and Financial Statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board
JGD Ferguson
Chairman
16 June 2015

JGD Ferguson

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Independent Auditors' Report

to the members of The Monks Investment Trust PLC

Report on the financial statements

Our opinion

In our opinion, The Monks Investment Trust PLC's financial statements (the 'financial statements')

- give a true and fair view of the state of the company's affairs as at 30 April 2015 and of its net return and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

What we have audited

The Monks Investment Trust PLC's financial statements comprise

- the Balance Sheet as at 30 April 2015,
- the Income Statement for the year then ended,
- the Cash Flow Statement for the year then ended,
- the Reconciliation of Movements in Shareholders' Funds for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

Certain required disclosures have been presented elsewhere in the Annual Report and Financial Statements (the 'Annual Report'), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our audit approach

Overview

Materiality

- Overall materiality £10.2 million which represents 1% of net assets

Audit scope

- The Company is a standalone Investment Trust Company and has engaged Baille Gifford & Co Limited, a wholly owned subsidiary of Baille Gifford & Co, as the Company's Alternative Investment Fund Manager and Company Secretary. Baille Gifford & Co Limited has delegated the investment management function to Baille Gifford & Co (the 'Manager')
- We conducted our audit of the financial statements at Baille Gifford & Co
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates

Areas of Focus

- Income from investments
- Valuation and existence of investments

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)')

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Income from investments <i>Refer to page 23 (Audit Committee Report), page 35 (Accounting Policies) and page 36 (notes) ISAs (UK & Ireland) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve capital growth in line with the objective of the Company. We focused on the accuracy and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP'). This is because incomplete or inaccurate income could have a material impact on the company's net asset value and dividend cover. We also focused on gains/losses on investments held at fair value due to the subjective nature of the valuation of unquoted investments.</i>	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. We tested dividend receipts by agreeing the dividend rates from a sample of investments to independent third party sources. No misstatements were identified by our testing. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared by a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of dividend income between the income and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. — for realised gains/losses, we tested disposal proceeds by agreeing the proceeds to bank statements and sale agreements and we re-performed the calculation of a sample of realised gains/losses, — for unrealised gains/losses, we obtained an understanding of the valuation process as set out in the valuation and existence area of focus. We tested the book cost reconciliation including testing on a sample basis the realised gains, purchases and sales to agree the total unrealised gains/losses incurred during the period. No misstatements were identified by our testing which required reporting to those charged with governance.

Area of focus	How our audit addressed the area of focus
Valuation and existence of investments Refer to page 23 (Audit Committee Report), page 35 (Accounting Policies) and page 38 (notes) The investment portfolio at the year end comprises of listed debt and equity investments (£1,068m), unlisted debt (£19m) and unlisted equity (£9m) We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements	We tested the valuation of the investment portfolio as follows - for listed debt and equity investments we agreed the prices used in the valuation to independent third party sources, - for unlisted debt investments, where available we agreed the valuation to broker quotes or agreed the price to other third party sources or transactions close to the year end, - for the two unlisted equity investments, we understood the basis of the valuation methodology, reviewed the fair value pricing committee minutes where the valuation was agreed, and reviewed the underlying documentation used to support the valuation used, such as external valuations or draft capital statements for the investment No misstatements were identified by our testing We tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation from Bank of New York Mellon SA/NV. No differences were identified

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the types of investments within the Company, the involvement of the Manager, the accounting processes and controls, and the industry in which the Company operates

As part of our risk assessment, we assessed the control environment in place at the Manager to the extent relevant to our audit. This assessment involved obtaining and reading the relevant control reports, issued by the independent auditors of the Manager in accordance with generally accepted assurance standards for such work, to gain an understanding of the Manager's control environment and to consider the operating and accounting structure at the Manager. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows

Overall materiality	£10.2 million (2014: £9.7 million)
How we determined it	1% of net assets
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £512,000 (2014: £486,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 22, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the Company's financial statements using the going concern basis of accounting. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinions

In our opinion

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion

information in the Annual Report is	<i>We have no exceptions to report arising from this responsibility</i>
- materially inconsistent with the information in the audited financial statements, or - apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit, or - otherwise misleading	

the statement given by the Directors on page 27, in accordance with provision C 1.1 of the UK Corporate Governance Code ('the Code'), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit

We have no exceptions to report arising from this responsibility

the section of the Annual Report on pages 23 and 24, as required by provision C 3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee

We have no exceptions to report arising from this responsibility

Financial Report

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

Directors' remuneration

Directors' Remuneration Report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 27, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the Directors, and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through understanding the control environment at the Manager and through substantive procedures

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report



Catrin Thomas (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
16 June 2015

Income Statement

For the year ended 30 April

	Notes	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Gains on investments	9	–	99,275	99,275	–	31,448	31,448
Currency gains/(losses)	14	–	4,892	4,892	–	(2,799)	(2,799)
Income	2	20,215	–	20,215	21,585	–	21,585
Investment management fee	3	(4 668)	–	(4,668)	(4,778)	–	(4,778)
Other administrative expenses	4	(1,087)	–	(1,087)	(903)	–	(903)
Net return before finance costs and taxation		14,460	104,167	118,627	15,904	28,649	44,553
Finance costs of borrowings	5	(2,846)	–	(2,846)	(3,783)	–	(3,783)
Net return on ordinary activities before taxation		11,614	104,167	115,781	12,121	28,649	40,770
Tax on ordinary activities	6	(1,065)	–	(1,065)	(940)	–	(940)
Net return on ordinary activities after taxation		10,549	104,167	114,716	11,181	28,649	39,830
Net return per ordinary share	7	4 74p	46 84p	51.58p	4 87p	12 49p	17.36p
Note							
Dividends per share paid and payable in respect of the year	8	3 95p			3 95p		

The total column of this statement represents the profit and loss account of the Company

All revenue and capital items in this statement derive from continuing operations

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement

The accompanying notes on pages 35 to 48 are an integral part of the financial statements

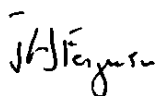
Balance Sheet

As at 30 April

	Notes	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		1,096,625		973,559
Current assets					
Debtors	10	2,032		2,139	
Cash and deposits	21	50,815		41,592	
		52,847		43,731	
Creditors					
Amounts falling due within one year	11	(86,136)		(4,682)	
Net current (liabilities)/assets			(33,289)		39,049
Total assets less current liabilities			1,063,336		1,012,608
Creditors					
Amounts falling due after more than one year	12		(39,745)		(39,712)
Net assets			1,023,591		972,896
Capital and reserves					
Called up share capital	13		10,698		11,394
Share premium	14		11,100		11,100
Capital redemption reserve	14		8,700		8,004
Capital reserve	14		943,958		894,882
Revenue reserve	14		49,135		47,516
Shareholders' funds	15		1,023,591		972,896
Net asset value per ordinary share (after deducting borrowings at fair value)	16		476 0p		425 2p
Net asset value per ordinary share (after deducting borrowings at par)	16		478 3p		426 8p

The financial statements of The Monks Investment Trust PLC (Company registration number 236964) on pages 31 to 48 were approved and authorised for issue by the Board and were signed on 16 June 2015

JGD Ferguson
Chairman



The accompanying notes on pages 35 to 48 are an integral part of the financial statements

Reconciliation of Movements in Shareholders' Funds

For the year ended 30 April 2015

	Notes	Share Capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 May 2014		11,394	11,100	8,004	894,882	47,516	972,896
Net return on ordinary activities after taxation		–	–	–	104,167	10,549	114,716
Shares purchased for cancellation	13	(696)	–	696	(55,091)	–	(55,091)
Dividends paid during the year	8	–	–	–	–	(8,930)	(8,930)
Shareholders' funds at 30 April 2015		10,698	11,100	8,700	943,958	49,135	1,023,591

For the year ended 30 April 2014

	Notes	Share Capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 May 2013		12,017	11,100	7,381	910,342	45,387	986,227
Net return on ordinary activities after taxation		–	–	–	28,649	11,181	39,830
Shares purchased for cancellation		(623)	–	623	(44,109)	–	(44,109)
Dividends paid during the year	8	–	–	–	–	(9,052)	(9,052)
Shareholders' funds at 30 April 2014		11,394	11,100	8,004	894,882	47,516	972,896

The accompanying notes on pages 35 to 48 are an integral part of the financial statements

Cash Flow Statement

For the year ended 30 April

	Notes	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Net cash inflow from operating activities	17		13,454		15,903
Servicing of finance					
Interest paid		(2,809)		(3,743)	
Net cash outflow from servicing of finance			(2,809)		(3,743)
Taxation					
Overseas tax incurred		(987)		(955)	
Total tax paid			(987)		(955)
Financial investment					
Acquisitions of investments		(956,481)		(280,577)	
Disposals of investments		930,889		375,942	
Net cash (outflow)/inflow from financial investment			(25,592)		95,365
Equity dividends paid	8		(8,930)		(9,052)
Net cash (outflow)/inflow before financing			(24,864)		97,518
Financing					
Shares purchased for cancellation		(55,089)		(51,718)	
Borrowings drawn down/(repaid)		84,382		(40,000)	
Net cash inflow/(outflow) from financing			29,293		(91,718)
Increase in cash	18		4,429		5,800

Reconciliation of Net Cash Flow to Movement in Net (Debt)/Funds

For the year ended 30 April

	Notes	2015 £'000	2014 £'000
Increase in cash in the year	18	4,429	5,800
Translation difference	18	4,892	(2,799)
Net cash (inflow)/outflow from borrowings (drawn down)/repaid	18	(84,382)	40,000
Other non-cash changes	18	(33)	(33)
Movement in net (debt)/funds in the year		(75,094)	42,968
Net funds/(debt) at 1 May		1,880	(41,088)
Net (debt)/funds at 30 April		(73,214)	1,880

The accompanying notes on pages 35 to 48 are an integral part of the financial statements

Notes to the Financial Statements

1 Principal Accounting Policies

A summary of the principal accounting policies, which are unchanged from the prior year and have been applied consistently, are set out below

(a) Basis of Accounting

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments and derivatives which are recorded at fair value through profit or loss, and on the assumption that approval as an investment trust will be retained. The financial statements have been prepared in accordance with The Companies Act 2006, applicable UK accounting standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' and Venture Capital Trusts issued by the Association of Investment Companies ('AIC') in January 2009.

In order to better reflect the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented.

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when it becomes a party to the contractual provisions of the instrument.

The Directors consider the Company's functional currency to be sterling as the Company's shareholders are predominantly based in the UK and the Company is subject to the UK's regulatory environment.

(b) Investments

Investment purchases and sales are recognised on a trade date basis. Expenses incidental to acquisition are included in purchase cost and expenses incidental to sale are deducted from proceeds of sale. Gains and losses on investments are recognised in the Income Statement as capital items.

Investments are designated as held at fair value through profit or loss on initial recognition and are measured at subsequent reporting dates at fair value. The fair value of listed investments is bid price or, in the case of FTSE 100 constituents or holdings on certain recognised overseas exchanges, last traded price. Listed investments can include Open Ended Investment Companies ('OEICs') authorised in the UK, these are valued at closing prices and are classified in the list of investments according to the principal geographical area of the underlying holdings. The fair value of unlisted investments uses valuation techniques, determined by the Directors, based upon latest dealing prices, stockbroker valuations, net asset values and other information, as appropriate.

(c) Derivatives

The Company may use derivatives for the purpose of efficient portfolio management (including reducing, transferring or eliminating risk in its investments and protection against currency risk) and to achieve capital growth. Such instruments are recognised on the date of the contract that creates the Company's obligation to pay or receive cash flows and are measured as financial assets or liabilities at fair value at subsequent reporting dates, while the relevant contracts remain open. The fair value is determined by reference to the open market value of the contract.

Where the investment rationale for the use of derivatives is to hedge specific risks pertaining to the Company's portfolio composition, hedge accounting will only be adopted where the derivative instrument relates specifically to a single item, or group of items, of equal and opposite financial exposure, and where the derivative instrument has been explicitly designated as a hedge of such item(s) at the date of initial recognition. In all other circumstances changes in the fair value of derivative instruments are recognised immediately in the Income Statement as capital or revenue as appropriate.

(d) Cash and Liquid Resources

Cash and liquid resources includes cash in hand, deposits held at call with banks and other short term deposits which are repayable on demand.

(e) Income

- (i) Income from equity investments, is brought into account on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Equity investment income includes distributions from Collective Investment Schemes, other than those that relate to equalisation which are treated as capital items.
- (ii) Interest from fixed interest securities (including the zero coupon element of the swap rate linked note) is recognised on an effective yield basis.
- (iii) Unfranked investment income and overseas dividends include the taxes deducted at source.
- (iv) Franked investment income is stated net of tax credits.
- (v) Underwriting commission and interest receivable on deposits are recognised on an accruals basis.
- (vi) If scrip is taken in lieu of dividends in cash, the net amount of the cash dividend declared is credited to the revenue account. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital.

(f) Expenses

All expenses are accounted for on an accruals basis and are charged through the revenue column of the Income Statement except where they relate directly to the acquisition or disposal of an investment, in which case they are added to the cost of the investment or deducted from the sale proceeds.

(g) Long Term Borrowings and Finance Costs

Long term borrowings are carried in the balance sheet at amortised cost, representing the cumulative amount of net proceeds after issue, plus accrued finance costs. The finance costs of such borrowings are allocated to the revenue column of the Income Statement at a constant rate on the carrying amount. Issue costs are written off at a constant rate over the life of the borrowings. Gains and losses on the repurchase or early settlement of debt is wholly charged to capital.

(h) Deferred Taxation

Deferred taxation is provided on all timing differences which have originated but not reversed by the balance sheet date, calculated on a non-discounted basis at the tax rates expected to apply when the timing differences reverse, based on what has been enacted or substantively enacted, relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

(i) Dividend Distributions

Interim dividends are recognised in the period in which they are paid and final dividends are recognised in the period in which the dividends are approved by the Company's shareholders.

(j) Foreign Currencies

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Monetary assets and liabilities and fixed asset investment in foreign currencies are translated at the closing rates of exchange at the balance sheet date. Forward foreign exchange contracts are valued at the forward rate ruling at the balance sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the Income Statement as capital or revenue as appropriate.

(k) Capital Reserve

Gains and losses on realisation of investments, changes in the fair value of investments held, exchange differences of a capital nature and the amount by which the market value of assets and liabilities differs from their book value are dealt with in this reserve. Purchases of the Company's own shares for cancellation are also funded from this reserve.

2 Income

	2015 £'000	2014 £'000
Income from investments		
Franked investment income	4,685	4,409
UK unfranked investment income	356	332
Overseas dividends	14,116	14,223
Overseas interest	1,057	2,621
	20,214	21,585
Other income		
Deposit interest	1	–
	1	–
Total income	20,215	21,585
Total income comprises		
Dividends from financial assets designated at fair value through profit or loss	18,801	18,632
Interest from financial assets designated at fair value through profit or loss	1,413	2,953
Interest from financial assets not at fair value through profit or loss	1	–
	20,215	21,585

3 Investment Management Fee

	2015 £'000	2014 £'000
Investment management fee	4,668	4,778

Details of the Investment Management Agreement are set out on page 18. The annual management fee is 0.45% of the total assets less current liabilities. The management fee is levied on all assets, including any holdings in collective investment schemes (OEICs) managed by Baillie Gifford & Co, however, the class of shares in any such OEICs held by the Company does not attract a management fee. There were no such holdings during the year.

4 Other Administrative Expenses

	2015 £'000	2014 £'000
General administrative expenses	910	745
Directors' fees (see Directors' Remuneration Report on page 25)	152	133
Auditors' remuneration – statutory audit of annual financial statements	24	24
Auditors' non-audit remuneration – non-audit services (see page 23)	1	1
	1,087	903

5 Finance Costs of Borrowings

	2015 £'000	2014 £'000
Bank loans	263	1,200
Debenture stocks	2,583	2,583
	2,846	3,783

6 Tax on Ordinary Activities

	2015 £'000	2014 £'000
Analysis of charge in year		
Overseas tax	1,065	940
Factors affecting current tax charge for year		
The tax assessed for the year is lower (2014 – lower) than the average standard rate of corporation tax in the UK of 20.9% (2014 – 22.8%). The differences are explained below		
	2015 £'000	2014 £'000
Net return on ordinary activities before taxation	115,781	40,770
Net return on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 20.9% (2014 – 22.8%)	24,219	9,310
Capital returns not taxable	(21,790)	(6,542)
Income not taxable	(3,914)	(4,170)
Taxable expenses in the year not utilised	1,485	1,402
Overseas tax	1,065	940
Current tax charge for the year	1,065	940

As an investment trust, the Company's capital returns are not taxable

The standard rate of corporation tax in the UK changed from 21% to 20% on 1 April 2015

Factors that may affect future tax charges

At 30 April 2015 the Company had a potential deferred tax asset of £7,102,000 (2014 – £5,681,000) in respect of taxable losses which are available to be carried forward and offset against future taxable profits. A deferred tax asset has not been provided on these losses as it is considered unlikely that the Company will make suitable taxable revenue profits in excess of deductible expenses in future periods. The potential deferred tax asset has been calculated using a corporation tax rate of 20% (2014 – 20%). Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments

7 Net Return per Ordinary Share

	2015 Revenue	2015 Capital	2015 Total	2014 Revenue	2014 Capital	2014 Total
Net return per ordinary share	4.74p	46.84p	51.58p	4.87p	12.49p	17.36p

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation of £10,549,000 (2014 – £11,181,000) and on 222,374,615 (2014 – 229,470,589) ordinary shares of 5p, being the weighted average number of ordinary shares in issue during the year

Capital return per ordinary share is based on the net capital gain for the financial year of £104,167,000 (2014 – £28,649,000) and on 222,374,615 (2014 – 229,470,589) ordinary shares, being the weighted average number of ordinary shares in issue during the year

There are no dilutive or potentially dilutive shares in issue

8 Ordinary Dividends

	2015	2014	2015 £'000	2014 £'000
Amounts recognised as distributions in the year:				
Previous year's final (paid 8 August 2014)	3 45p	3 45p	7,824	7,911
Interim (paid 30 January 2015)	0 50p	0 50p	1,106	1,141
	3 95p	3 95p	8,930	9,052

We also set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of section 1158 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £10,549,000 (2014 – £11,181,000)

	2015	2014	2015 £'000	2014 £'000
Amounts paid and payable in respect of the financial year.				
Adjustment to previous year's final dividend re shares bought back	–	–	(38)	(380)
Interim (paid 30 January 2015)	0 50p	0 50p	1,106	1,141
Proposed final (payable 7 August 2015)	3 45p	3 45p	7,382	7,862
	3.95p	3 95p	8,450	8,623

9 Investments

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
As at 30 April 2015				
Listed equities	1,012,525	464	–	1,012,989
Listed debt securities	55,123	–	–	55,123
Other unlisted equities	–	–	9,241	9,241
Unlisted debt securities	–	–	19,272	19,272
Total financial asset investments	1,067,648	464	28,513	1,096,625

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
As at 30 April 2014				
Listed equities	912,744	449	–	913,193
Listed equity index options	976	–	–	976
Listed debt securities	3,975	1,954	–	5,929
Unlisted equities quoted on an investment exchange	–	9,121	–	9,121
Other unlisted equities	–	–	8,819	8,819
Unlisted debt securities	–	–	35,521	35,521
Total financial asset investments	917,695	11,524	44,340	973,559

Investments in securities are financial assets designated at fair value through profit or loss on initial recognition. In accordance with FRS 29 'Financial Instruments: Disclosures', the above tables provide an analysis of these investments based on the fair value hierarchy described on page 39, which reflects the reliability and significance of the information used to measure their fair value.

9 Investments (continued)

Fair Value Hierarchy

The fair value hierarchy used to analyse the fair values of financial assets is described below. The levels are determined by the lowest (that is the least reliable or least independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

Level 1 – investments with quoted prices in an active market,

Level 2 – investments whose fair value is based directly on observable current market prices or is indirectly being derived from market prices, and

Level 3 – investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices or are not based on observable market data

	Equities * £'000	Debt £'000	Total £'000
Cost of investments at 1 May 2014	706,648	43,534	750,182
Investment holding gains/(losses) at 1 May 2014	225,461	(2,084)	223,377
Value of investments at 1 May 2014	932,109	41,450	973,559
Movements in year			
Purchases at cost	897,784	55,741	953,525
Sales – proceeds	(911,719)	(18,459)	(930,178)
– realised gains on sales	243,332	2,605	245,937
Amortisation of fixed interest book cost	–	444	444
Changes in investment holding gains/(losses)	(139,276)	(7,386)	(146,662)
Value of investments at 30 April 2015	1,022,230	74,395	1,096,625
Cost of investments at 30 April 2015	936,045	83,865	1,019,910
Investment holding gains/(losses) at 30 April 2015	86,185	(9,470)	76,715
Value of investments at 30 April 2015	1,022,230	74,395	1,096,625

* Equities includes equity index options

The purchases and sales proceeds figures above include transaction costs of £1,154,000 (2014 – £388,000) and £471,000 (2014 – £315,000) respectively. Of the realised gains on sales of fixed investments during the year of £245,937,000 (2014 – gains of £78,357,000), a net gain of £175,541,000 (2014 – £88,999,000) was included in investment holding gains/(losses) at the previous year end.

9 Investments (continued)

The tables below show a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy. The gains and losses shown in the tables have all been included in the Income Statement on page 31 within gains/losses on investments. The values of level 3 investments are calculated using valuation techniques based upon the latest dealing prices, stockbroker valuations, net asset values and other information as appropriate. The Company believes that other reasonably possible alternative valuations for its Level 3 holdings would not be significantly different from those included in the financial statements.

	Value at 1 May 2014 £'000	Purchases/ amortisation * £'000	Sales proceeds £'000	Gains/(losses) on sales £'000	Holding gains/(losses) £'000	Value at 30 April 2015 £'000
For the year to 30 April 2015						
Equities	8,819	25	–	–	397	9,241
Debt securities	35,521	416	(12,392)	3,345	(7,618)	19,272
	44,340	441	(12,392)	3,345	(7,221)	28,513

* Purchases/amortisation for debt securities includes amortisation of fixed income securities of £416,000

	Value at 1 May 2013 £'000	Purchases/ amortisation * £'000	Sales proceeds £'000	Gains/(losses) on sales £'000	Holding gains/(losses) £'000	Value at 30 April 2014 £'000
For the year to 30 April 2014						
Equities	10,919	49	(122)	(3,435)	1,408	8,819
Debt securities	37,173	2,142	(3,136)	(627)	(31)	35,521
	48,092	2,191	(3,258)	(4,062)	1,377	44,340

* Purchases/amortisation for debt securities includes amortisation of fixed income securities of £887,000

	2015 £'000	2014 £'000
Gains on investments		
Fixed asset investments		
Realised gains on sales	245,937	78,357
Changes in investment holding gains/(losses)	(146,662)	(50,392)
	99,275	27,965
Equity index futures		
Realised gains	–	2,047
Changes in investment holding gains/(losses)	–	1,436
	99,275	31,448

The realised gains figure for equity index futures for the year ended 30 April 2014 above includes transaction costs of £15,000. There were no equity index futures open at 30 April 2014 or 30 April 2015.

During the year the Company had a holding in class A shares of Silk Invest Private Equity Fund S.A. SICAR, compartment 'Silk Invest Africa Food Fund' which is incorporated in Luxembourg. At 30 April Monks' holding was:

	2015 Shares held	2015 Value £'000	2015 % of Shares held	2014 Shares held	2014 Value £'000	2014 % of Shares held
Silk Invest Africa Food Fund	10,000	7,292	46.3	10,000	8,212	46.3

10 Debtors

	2015 £'000	2014 £'000
Amounts falling due within one year		
Accrued income and prepaid expenses	1,508	1,268
Overseas taxation recoverable	499	150
Amounts due from equity index options brokers	–	711
Other debtors	25	10
	2,032	2,139

None of the above debtors are financial assets designated at fair value through profit or loss. The carrying amount of debtors is a reasonable approximation of fair value.

11 Creditors – Amounts falling due within one year

	2015 £'000	2014 £'000
National Australia Bank Limited floating rate loan	84,284	–
Purchases for subsequent settlement	–	2,956
Share repurchases for subsequent settlement	2	–
Corporation tax	45	45
Other creditors and accruals	1,805	1,681
	86,136	4,682

None of the above creditors are financial liabilities designated at fair value through profit or loss. Included in other creditors is £1,195,000 (2014 – £1,141,000) in respect of the investment management fee.

Borrowing facilities

At 30 April 2015 the Company had a 1 year ¥18,500 million floating rate loan facility with National Australia Bank Limited and an uncommitted 1 year £40 million floating rate loan facility with The Bank of New York Mellon.

At 30 April 2015 drawings were as follows:

- National Australia Bank Limited ¥15,500 million at an interest rate of 0.71918% (2014 – nil)
- The Bank of New York Mellon nil (2014 – nil)

The main covenants relating to the above loans are that total borrowings shall not exceed 30% of the Company's adjusted net asset value and the Company's minimum adjusted net asset value shall be £450 million.

There were no breaches of loan covenants during the year.

12 Creditors – Amounts falling due after more than one year

	Repayment date	Nominal rate	Effective rate	2015 £'000	2014 £'000
£40 million 6% debenture stock 2023	1/9/2023	6.375%	6.5%	39,745	39,712

Debenture stock

The debenture stock is stated at amortised cost (see note 1 on page 35), the cumulative effect is to decrease the carrying amount of borrowings by £255,000 (2014 – £288,000). The debenture stock is secured by a floating charge over the assets of the Company. Under the terms of the Debenture Agreement, total borrowings should not exceed net assets and the Company cannot undertake share buy-backs if this would result in total borrowings exceeding 66.67%.

13 Called Up Share Capital

	2015 Number	2015 £'000	2014 Number	2014 £'000
Allotted and fully paid ordinary shares of 5p each	213,963,859	10,698	227,887,859	11,394

In the year to 30 April 2015 the Company bought back 13,924,000 ordinary shares with a nominal value of £696,000 at a total cost of £55,091,000. At 30 April 2015 the Company had authority to buy back a further 21,894,085 ordinary shares, being 10.2% of the shares in issue at the year end. Under the provisions of the Company's Articles of Association share buy-backs are funded from the capital reserve.

14 Capital and Reserves

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 May 2014	11,394	11,100	8,004	894,882	47,516	972,896
Gains on fixed asset investments	–	–	–	99,275	–	99,275
Exchange differences on bank loans	–	–	–	98	–	98
Other exchange differences	–	–	–	4,794	–	4,794
Revenue return on ordinary activities after taxation	–	–	–	–	10,549	10,549
Shares purchased for cancellation	(696)	–	696	(55,091)	–	(55,091)
Dividends paid in the year	–	–	–	–	(8,930)	(8,930)
At 30 April 2015	10,698	11,100	8,700	943,958	49,135	1,023,591

The capital reserve balance at 30 April 2015 includes investment holding gains on investments of £76,715,000 (2014 – gains of £223,377,000) as detailed in note 9 on page 39. The revenue reserve is distributable by way of dividend.

15 Shareholders' Funds

	2015 £'000	2014 £'000
Shareholders' funds	1,023,591	972,896

Shareholders' funds have been calculated in accordance with the provisions of FRS 26. However, the net asset value per share figures in note 16 have been calculated on the basis of shareholders' rights to reserves as specified in the Articles of Association of the Company. A reconciliation of the two figures is as follows:

	2015	2014
Shareholders' funds per ordinary share	478.4p	426.9p
Expense of debenture issue	(0.1p)	(0.1p)
Net asset value per ordinary share	478.3p	426.8p

16 Net Asset Value per Ordinary Share

The net asset value per ordinary share and the net assets attributable to the ordinary shareholders at the year end calculated in accordance with the Articles of Association were as follows

	2015	2014	2015 £'000	2014 £'000
Ordinary shares	478.3p	426 8p	1,023,336	972,608
			2015 £'000	2014 £'000

The movements during the year of the assets attributable to the ordinary shares were as follows

Total net assets at 1 May			972,608	985,906
Return on ordinary activities after taxation			114,716	39,830
Dividends paid in the year			(8,930)	(9,052)
Amortisation of debenture issue expenses			33	33
Shares purchased for cancellation			(55,091)	(44,109)
Total net assets at 30 April			1,023,336	972,608

Net asset value per ordinary share is based on net assets (adjusted to reflect the deduction of the debentures at par) and on 213,963,859 (2014 – 227,887,859) ordinary shares of 5p, being the number of ordinary shares in issue at the year end. Shareholders' funds as reported in the balance sheet has been computed in accordance with the provisions of FRS 26. A reconciliation of the two sets of figures under these two conventions is given in note 15.

Deducting long term borrowings at fair value would have the effect of reducing net asset value per ordinary share from 478 3p to 476 0p. Taking the market price of the ordinary shares at 30 April 2015 of 435 1p, this would have given a discount to net asset value of 8.6% as against 9.0% on a traditional basis. At 30 April 2014 the effect would have been to reduce net asset value per ordinary share from 426 8p to 425 2p. Taking the market price of the ordinary shares at 30 April 2014 of 370 0p, this would have given a discount to net asset value of 13.0% as against 13.3% on a traditional basis.

17 Reconciliation of Net Return before Finance Costs and Taxation to Net Cash Inflow from Operating Activities

	2015 £'000	2014 £'000
Net return before finance costs and taxation	118,627	44,553
Gains on investments	(99,275)	(31,448)
Currency (gains)/losses	(4,892)	2,799
Amortisation of fixed interest book cost	(444)	(974)
(Increase)/decrease in accrued income	(309)	574
Increase in debtors	(373)	(78)
Increase in creditors	120	477
Net cash inflow from operating activities	13,454	15,903

18 Analysis of Change in Net (Debt)/Funds

	At 1 May 2014 £'000	Cash flows £'000	Translation difference £'000	Other non-cash changes £'000	At 30 April 2015 £'000
Cash at bank and in hand	41,592	4,429	4,794	–	50,815
Loans due within one year	–	(84,382)	98	–	(84,284)
Debenture stocks due in more than five years	(39,712)	–	–	(33)	(39,745)
	1,880	(79,953)	4,892	(33)	(73,214)

19 Contingent Liabilities, Guarantees and Financial Commitments

At 30 April 2015 and 30 April 2014 the Company had no contingent liabilities, guarantees or financial commitments

20 Related Party Transactions

The Directors' fees for the year are detailed in the Directors' Remuneration Report on page 25. No Director has a contract of service with the Company. During the year no Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

21 Financial Instruments

As an investment trust, the Company invests in equities and makes other investments so as to secure its investment objective of capital growth. The Company borrows money when the Board and Managers have sufficient conviction that the assets funded by borrowed monies will generate a return in excess of the cost of borrowing. In pursuing its investment objective, the Company is exposed to a variety of risks that cause short term variation in the Company's net assets and could result in either a reduction in the Company's net assets or a reduction in the profits available for dividend.

These risks are categorised here as market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Board monitors closely the Company's exposures to these risks but does so in order to reduce the likelihood of a permanent reduction in the Company's net assets rather than to minimise the short term volatility.

The risk management policies and procedures outlined in this note have not changed substantially from the previous accounting period.

Market Risk

The fair value or future cash flows of a financial instrument or other investment held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. The Board reviews and agrees policies for managing these risks and the Company's Investment Manager both assesses the exposure to market risk when making individual investment decisions and monitors the overall level of market risk across the investment portfolio on an ongoing basis.

Details of the Company's investment portfolio are shown in note 9. Details of any derivative financial instruments open at the balance sheet date are shown on page 48.

Currency Risk

Certain of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and that in which it reports its results). Consequently, movements in exchange rates may affect the sterling value of those items.

The Investment Manager monitors the Company's exposure to foreign currencies and reports to the Board on a regular basis. The Investment Manager assesses the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. However, the currency in which a company's share price is quoted is not necessarily the one in which it earns its profits.

The movement in exchange rates on overseas earnings may have a more significant impact upon a company's valuation than a simple translation of the currency in which the share price of the company is quoted.

Foreign currency borrowings and forward currency contracts are used periodically to limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Where appropriate, they are used also to achieve the portfolio characteristics that assist the Company in meeting its investment objectives.

21 Financial Instruments (continued)

Exposure to currency risk through asset allocation, which is calculated by reference to the currency in which the asset or liability is quoted, is shown below

At 30 April 2015	Investments £'000	Cash and deposits £'000	Loans and debentures £'000	Other debtors and creditors *	Net exposure £'000
US dollar	556,795	48,774	–	303	605,872
Euro	65,806	–	–	499	66,305
Japanese yen	106,703	–	(84,284)	629	23,048
Other overseas currencies	209,868	–	–	117	209,985
Total exposure to currency risk	939,172	48,774	(84,284)	1,548	905,210
Sterling	157,453	2,041	(39,745)	(1,368)	118,381
	1,096,625	50,815	(124,029)	180	1,023,591

* Includes non-monetary assets of £41,000

At 30 April 2014	Investments £'000	Cash and deposits £'000	Loans and debentures £'000	Other debtors and creditors *	Net exposure £'000
US dollar	368,526	36,859	–	290	405,675
Euro	134,441	–	–	226	134,667
Japanese yen	51,358	–	–	124	51,482
Other overseas currencies	180,201	733	–	(265)	180,669
Total exposure to currency risk	734,526	37,592	–	375	772,493
Sterling	239,033	4,000	(39,712)	(2,918)	200,403
	973,559	41,592	(39,712)	(2,543)	972,896

* Includes non-monetary assets of £31,000

Currency Risk Sensitivity

At 30 April 2015, if sterling had strengthened by 5% in relation to all currencies, with all other variables held constant, total net assets and total return on ordinary activities would have decreased by the amounts shown below. A 5% weakening of sterling against all currencies, with all other variables held constant, would have had an equal but opposite effect on the financial statement amounts. The analysis is performed on the same basis for 2014.

	2015 £'000	2014 £'000
US dollar	30,294	20,284
Euro	3,315	6,733
Japanese yen	1,152	2,574
Other overseas currencies	10,499	9,033
	45,260	38,624

21 Financial Instruments (continued)

Interest Rate Risk

Interest rate movements may affect directly

- the fair value of the investments in fixed interest rate securities,
- the level of income receivable on cash deposits,
- the fair value of derivative instruments linked to interest rates,
- the fair value of the Company's fixed-rate borrowings, and
- the interest payable on any variable rate borrowings which the Company may take out

Interest rate movements may also impact upon the market value of the Company's investments other than its fixed income securities. The effect of interest rate movements upon the earnings of a company may have a significant impact upon the valuation of that company's equity. The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and when entering borrowing agreements. The Board reviews on a regular basis the amount of investments in cash and fixed income securities and the income receivable on cash deposits, floating rate notes and other similar investments. The Company finances part of its activities through borrowings at approved levels. The amount of such borrowings and the approved levels are monitored and reviewed regularly by the Board.

Movements in interest rates, to the extent that they affect the fair value of the Company's fixed rate borrowings, may also affect the amount by which the Company's share price is at a discount or a premium to the net asset value (assuming that the Company's share price is unaffected by movements in interest rates).

The interest rate risk profile of the Company's financial assets and liabilities at 30 April is shown below

Financial Assets

	2015 Fair value £'000	2015 Weighted average interest rate	2015 Weighted average period until maturity	2014 Fair value £'000	2014 Weighted average interest rate	2014 Weighted average period until maturity
Fixed rate						
European bonds	–	–	–	1,954	28.8%	1 year
US bonds	55,123	0.5%	2 years	3,975	12.9%	12 years
UK swap rate linked note*	6,037	7.2%	2 years	5,825	7.2%	3 years
Floating rate						
European bonds (interest rate linked to Euro LIBOR)	–	–	–	8,047	8.2%	1 year
UK swap rate linked note*	569	n/a	2 years	3,240	n/a	3 years
Fixed interest collective investment schemes:						
US dollar denominated funds	12,666	0.9%	n/a	18,409	0.3%	n/a

* This instrument comprises a zero coupon note issued by Credit Suisse and an option on sterling interest rate swaps. The zero coupon element has a redemption value of £6.25m (fair value – £6,037,000) and the redemption value of the interest rate swap element (fair value – £569,000) is based on a formula linked to thirty year sterling interest swap rates with higher amounts payable as rates rise. Prior to redemption, the value of the interest rate swap element will vary depending on several factors such as the level of swap rates and the implied volatility of interest rate swap options.

21 Financial Instruments (continued)

Financial Liabilities

The interest rate risk profile of the Company's bank loans and debentures (at amortised cost) and the maturity profile of the undiscounted future cash flows in respect of the Company's contractual financial liabilities at 30 April are shown below

Interest Rate Risk Profile

	2015 £'000	2014 £'000
Floating rate – yen	84,284	–
Fixed rate – sterling	39,745	39,712
	124,029	39,712

Maturity Profile

	2015 Within 1 year £'000	2015 Between 1 and 5 years £'000	2015 More than 5 years £'000	2014 Within 1 year £'000	2014 Between 1 and 5 years £'000	2014 More than 5 years £'000
Repayment of loans and debentures	84,284	–	40,000	–	–	40,000
Interest on loans and debentures	2,720	10,200	8,925	2,550	10,200	11,475
	87,004	10,200	48,925	2,550	10,200	51,475

Interest Rate Risk Sensitivity

An increase of 100 basis points in bond/swap yields as at 30 April 2015 would have increased total net assets and total return on ordinary activities by £6,184,000 (2014 – £10,749,000) and would have increased the net asset value per share (with borrowings at fair value) by 4.2p (2014 – 5.6p). A decrease of 100 basis points would have increased total net assets and total return on ordinary activities by £553 (2014 – decreased by £2,579,000) and would have decreased net asset value per share (with borrowings at fair value) by 1.0p (2014 – 2.0p).

Other Price Risk

Changes in market prices other than those arising from interest rate risk or currency risk may also affect the value of the Company's net assets. The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment positioning to ensure consistency with the Company's objective and investment policy.

Other Price Risk Sensitivity

A full list of the Company's investments is shown on pages 9 to 11. In addition, a geographical analysis of the portfolio, an analysis of the portfolio by broad industrial or commercial sector are contained in the Strategic Report. Details of any derivative financial instruments open at the balance sheet date are shown on page 48. 99% of the Company's net assets are invested in quoted equities (2014 – 95%). After taking into account the impact of any equity index options open at the balance sheet date, a 5% increase in quoted equity valuations at 30 April 2015 would have increased total assets and total return on ordinary activities by £50,649,000 (2014 – £45,824,000). A decrease of 5% would have had an equal but opposite effect.

Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Board also sets parameters for the degree to which the Company's net assets are invested in quoted equities. The Company has the power to take out borrowings, which give it access to additional funding when required. The Company's current borrowing facilities are detailed in notes 11 and 12 and the maturity profile of its borrowings is set out above.

Credit Risk

This is the risk that a failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss. This risk is managed as follows:

- where the Investment Manager makes an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question,
- the Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Depositary has delegated the custody function to Bank of New York Mellon SA/NV London Branch. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Investment Managers monitor the Company's risk by reviewing the custodian's internal control reports and reporting their findings to the Board.

21 Financial Instruments (continued)

Credit Risk (continued)

- investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily done on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed,
- the creditworthiness of the counterparty to transactions involving derivatives, structured notes and other arrangements, wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest, are subject to rigorous assessment by the Investment Manager, and
- cash is only held at banks that have been identified by the Managers as reputable and of high credit quality

Credit Risk Exposure

The amount that best represents the Company's maximum exposure to direct credit risk at 30 April was

	2015 £'000	2014 £'000
Fixed interest investments	74,395	41,450
Cash and short term deposits	50,815	41,592
Debtors and prepayments*	2,032	2,139
	127,242	85,181

* Includes non-monetary assets of £41,000 (2014 – £31,000)

None of the Company's financial assets are past due or impaired

Fair Value of Financial Assets and Financial Liabilities

The Directors are of the opinion that there is no difference between the amounts at which the financial assets and liabilities of the Company are carried in the balance sheet and their fair values, with the exception of fixed rate borrowings. The fair values of the Company's borrowings are shown below

	2015 Nominal value £'000	2015 Book value £'000	2015 Fair value £'000	2014 Nominal value £'000	2014 Book value £'000	2014 Fair value £'000
Bank loans due within one year	84,284	84,284	84,284	–	–	–
6% debenture stock 2023*	40,000	39,745	44,800	40,000	39,712	43,600
	124,284	124,029	129,084	40,000	39,712	43,600

* Financial liability stated in the balance sheet at amortised cost (book value)

Gains and Losses on Purchased Equity Index Options

There were no purchased equity index options in position at 30 April 2015. The following purchased equity index options were in position at 30 April 2014

As at 30 April 2014 Description	Number of contracts	Strike price	Expiration date	Premium paid £'000	Fair value £'000
Hang Seng China Enterprises put	500	8,400	29/6/15	1,394	976

Hedge accounting has not been adopted for the Company's derivative holdings

Capital Management

The capital of the Company is its share capital and reserves as set out in note 14 together with its borrowings (see notes 11 and 12). The objective of the Company is to invest globally to achieve capital growth, which takes priority over income and dividends. The Company's investment policy is set out on page 15. In pursuit of the Company's objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern and details of the related risks and how they are managed are set out on page 22. The Company has the ability to buy back its shares (see page 19) and changes to the share capital during the year are set out in note 13. The Company does not have any externally imposed capital requirements other than the covenants on its loans and debentures which are detailed in notes 11 and 12.

Notice of Annual General Meeting

The Annual General Meeting of the Company will be held at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED on Tuesday, 4 August 2015, at 11 00 am

If you have any queries as to how to vote or how to attend the meeting, please call us on 0800 917 2112

Baillie Gifford may record your call

Notice is hereby given that the eighty-sixth Annual General Meeting of The Monks Investment Trust PLC will be held at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED on Tuesday, 4 August 2015, at 11 00 am for the following purposes

Ordinary Business

To consider and, if thought fit, pass the following resolutions as ordinary resolutions

- 1 To receive and adopt the Financial Statements of the Company for the year ended 30 April 2015 with the Reports of the Directors and of the Independent Auditors thereon
- 2 To approve the Directors' Annual Report on Remuneration for the year ended 30 April 2015
- 3 To declare a final dividend
- 4 To re-elect Mr JGD Ferguson as a Director
- 5 To re-elect Ms CC Ferguson as a Director
- 6 To re-elect Mr EM Harley as a Director
- 7 To re-elect Mr DCP McDougall as a Director
- 8 To re-elect Mr KS Sternberg as a Director
- 9 To elect Mr JJ Tighe as a Director
- 10 To reappoint PricewaterhouseCoopers LLP as Independent Auditors
- 11 To authorise the Directors to determine the remuneration of the Independent Auditors

To consider and, if thought fit, pass resolution 12 as a special resolution

- 12 That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with Section 701 of the Companies Act 2006 (the 'Act'), to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid ordinary shares of 5p each in the capital of the Company ('Shares'), provided that
 - (a) the maximum aggregate number of Shares hereby authorised to be purchased shall be 32,073,182 Shares, representing approximately 14.99% of the issued share capital on the date on which this resolution is passed,
 - (b) the minimum price (exclusive of expenses) which may be paid for a Share shall be 5p,
 - (c) the maximum price (exclusive of expenses) which may be paid for a Share shall be not more than the higher of (i) 5 per cent above the average closing price on the London Stock Exchange of a Share over the five business days immediately preceding the date of purchase, and (ii) the higher of the last independent trade of, and the highest current independent bid for, a Share on the London Stock Exchange, and
 - (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in respect of the year ending 30 April 2016, save that the Company may, prior to such expiry, enter into a contract to purchase Shares under such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract

Lindsay M Beattie

By order of the Board
Baillie Gifford & Co Limited
Company Secretary
25 June 2015

Notes

- 1 As a member you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form. You may not use any electronic address provided either in this notice or any related documents (including the financial statements and proxy form) to communicate with the Company for any purpose other than those expressly stated.
- 2 To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand at the Registrars of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or www.eproxyappointment.com no later than two days (excluding non-working days) before the time of the meeting or any adjourned meeting.
- 3 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and/or by logging on to the website www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 4 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID 3RA50) no later than two days (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 5 CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 6 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 7 The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish.
- 8 Shareholders participating in the Baillie Gifford Investment Trust Share Plan, Children's Savings Plan or the Baillie Gifford Investment Trust ISA who wish to vote and/or attend the meeting must complete and return the enclosed reply-paid Form of Direction.
- 9 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and Section 311 of the Companies Act 2006 the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company no later than the close of business two days (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 10 Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- 11 The statement of the rights of shareholders in relation to the appointment of proxies in notes 1 and 2 above does not apply to Nominated Persons. The rights described in those notes can only be exercised by shareholders of the Company.

- 12 The members of the Company may require the Company to publish, on its website, (without payment) a statement (which is also passed to the Auditors) setting out any matter relating to the audit of the Company's financial statements, including the Auditors' report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.
- 13 Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website at **www.monksinvestmenttrust.co.uk**
- 14 Members have the right to ask questions at the meeting in accordance with Section 319A of the Companies Act 2006.
- 15 As at 12 June 2015 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 213,963,859 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 12 June 2015 were 213,963,859 votes.
- 16 Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his proxy will need to ensure that both he and his proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
- 17 No Director has a contract of service with the Company.

Further Shareholder Information

Monks is an investment trust. Investment trusts offer investors the following:

- participation in a diversified portfolio of shares,
- constant supervision by experienced professional managers, and
- the Company is free from capital gains tax on capital profits realised within its portfolio although investors are still liable for capital gains tax on profits when selling their investment

How to Invest

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker, by asking a professional adviser to do so, or through the Baillie Gifford savings vehicles (see page 53 for details). If you are interested in investing directly in Monks, you can do so online. There are a number of companies offering real time online dealing services.

Sources of Further Information on the Company

The price of shares is quoted daily in the Financial Times and can also be found on the Company's website at www.monksinvestmenttrust.co.uk, Trustnet at www.trustnet.co.uk and on other financial websites.

Key Dates

Ordinary shareholders normally receive two dividends in respect of each financial year. An interim dividend is paid in January and a final dividend is paid in August. The AGM is normally held at the start of August.

Capital Gains Tax

For Capital Gains Tax indexation purposes, the market value of an ordinary share in the Company as at 31 March 1982 (as adjusted for the five for one share split in July 2001) was 14 1p.

Share Register Enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0870 707 1170. This helpline also offers an automated self-service functionality (available 24 hours a day, 7 days a week) which allows you to:

- hear the latest share price,
- confirm your current share holding balance,
- confirm your payment history, and
- order Change of Address, Dividend Bank Mandate and Stock Transfer forms.

You can also check your holding on the Registrars' website at www.investorcentre.co.uk. They also offer a free, secure share management website service which allows you to:

- view your share portfolio and see the latest market price of your shares,
- calculate the total market price of each shareholding,
- view price histories and trading graphs,

Analysis of Shareholders at 30 April

Name	2015 Number	2015 %	2014 Number	2014 %
Institutions	80,845,315	37.8	84,540,755	37.1
Intermediaries	96,468,155	45.1	104,777,496	46.0
Individuals	15,253,426	7.1	17,199,681	7.5
Baillie Gifford				
Share Plans/ISA	20,401,769	9.5	19,961,412	8.8
Marketmakers	995,194	0.5	1,408,515	0.6
	213,963,859	100.0	227,887,859	100.0

- register to receive communications from the Company, including the Annual Report, in electronic format,
- update bank mandates and change address details, and
- use online dealing services.

To take advantage of this service, please log in at www.investorcentre.co.uk and enter your Shareholder Reference Number and Company Code (this information can be found on the last dividend voucher or your share certificate).

Dividend Reinvestment Plan

Computershare operate a Dividend Reinvestment Plan which can be used to buy additional shares instead of receiving your dividend via cheque or into your bank account. For further information log on to www.investorcentre.co.uk and follow the instructions or telephone 0870 707 1694.

Electronic Proxy Voting

If you hold stock in your own name you can choose to vote by returning proxies electronically at www.eproxyappointment.com.

If you have any questions about this service please contact Computershare on 0870 707 1170.

CREST Proxy Voting

If you are a user of the CREST system (including a CREST Personal Member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. For further information please refer to the CREST Manual.

The financial statements have been approved by the Directors of The Monks Investment Trust PLC. The information and opinions expressed in this document are subject to change without notice. Baillie Gifford Savings Management Limited (BGSM) is the ISA Manager of the Baillie Gifford Investment Trust ISA and the Manager of the Baillie Gifford Investment Trust Share Plan and Children's Savings Plan. BGSM is wholly owned by Baillie Gifford & Co. Both are authorised and regulated by the Financial Conduct Authority. Baillie Gifford only provides information about its products and does not provide investment advice. The staff of Baillie Gifford and Monks Directors may hold shares in Monks and may buy or sell such shares from time to time.

Cost-effective Ways to Buy and Hold Shares in Monks

Baillie Gifford Savings Management Limited offers a number of plans that enable you to buy and hold shares in Monks cost-effectively. Purchases and sales are normally subject to a dealing price spread and Government stamp duty of 0.5% is payable on purchases.

The Baillie Gifford Investment Trust Share Plan

- No initial charge
- No annual wrapper charge
- Normally cheaper than dealing through a stockbroker
- Invest a lump sum from £250 or monthly from just £30
- No maximum investment limits
- Stop and start saving at any time with no charge
- Twice weekly dealing (usually Tuesday and Friday)
- A withdrawal charge of just £22

The Baillie Gifford Investment Trust ISA

- Tax-efficient investment
- No set-up charge
- Flat rate annual management charge currently of £32.50 + VAT
- Lump sum investment from £2,000 up to a maximum of £15,240 each tax year
- Save monthly from £100
- A withdrawal charge of just £22

ISA Transfers

- Transfer existing ISAs from other plan managers into the Baillie Gifford ISA
- Consolidate your plans into a managed global investment
- Minimum transfer value £2,000

The Baillie Gifford Children's Savings Plan

- An excellent way for parents, grandparents or other adults to invest for a child
- No initial charge
- No annual wrapper charge
- The option of a designated account or a bare trust in favour of the child
- Flexible investment options: lump sum from £100 or monthly saving from just £25
- A withdrawal charge of just £22

Online Management Service

You can also open and manage your Share Plan/Children's Savings Plan* and/or ISA online, through our secure Online Management Service (OMS) which can be accessed through the Baillie Gifford website www.bailliegifford.com/oms. As well as being able to view the details of your plan online, the service also allows you to

- obtain current valuations,
- make lump sum investments, except where there is more than one holder,
- sell part or all of your holdings, except where there is more than one holder,

- switch between investment trusts, except where there is more than one holder, and
- update certain personal details e.g. address and telephone number

* Please note that a bare trust cannot be opened via OMS. A bare trust application form must be completed. Certain restrictions apply where there is more than one holder.

Further information

If you would like more information on any of the plans described, please contact the Baillie Gifford Client Relations Team. (See contact details on page 54)

Risks

Past performance is not a guide to future performance.

Monks is a listed UK Company. 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.

As Monks 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.

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 Monks might receive upon their sale.

Monks invests in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.

Monks invests in corporate bonds which are generally perceived to carry a greater possibility of capital loss than investment in, for example, higher rated UK government bonds. Bonds issued by companies and governments may be adversely affected by changes in interest rates and expectations of inflation.

Monks has borrowed money to make further investments (sometimes known as 'gearing'). The risk is that when this money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Company's investments fall in value, any borrowings will increase the amount of this loss. Monks can buy back and cancel its own shares. The risks from borrowing are increased when the Company buys back and cancels its shares.

Monks can make use of derivatives which may impact on its performance.

As the aim of Monks is to achieve capital growth you should not expect a significant, or steady, annual income from the Company.

You should note that tax rates and reliefs may change at any time and their value depends on your circumstances.

Monks is listed on the London Stock Exchange. It is not authorised and regulated by the Financial Conduct Authority.

Details of other risks that apply to investment in the savings vehicles are contained in the product brochures. Further details of the risks associated with investing in the Company, including how charges are applied, can be found at www.monksinvestmenttrust.uk, or by calling Baillie Gifford on 0800 917 2112. This information has been issued and approved by Baillie Gifford & Co Limited, the Managers and Secretaries, and does not in any way constitute investment advice.

Communicating with Shareholders

Trust Magazine

Trust is the Baillie Gifford investment trust magazine which is published three times a year. It provides an insight to our investment approach by including interviews with our fund managers, as well as containing investment trust news, investment features and articles about the trusts managed by Baillie Gifford, including Monks. *Trust* plays an important role in helping to explain our products so that readers can really understand them. For a copy of *Trust* please contact the Baillie Gifford Client Relations Team (see contact details opposite).

An online version of *Trust* can be found at
www.bgtrustonline.com

Monks on the Web

Up-to-date information about Monks can be found on the Company's page of the Managers' website at
www.monksinvestmenttrust.co.uk

In the Investment Trust section you will find full monthly details on Monks, including recent portfolio information and performance figures.

Suggestions and Questions

Any suggestions on how communications with shareholders can be improved are welcome. Please contact the Baillie Gifford Client Relations Team (see contact details opposite) and give them your suggestions. They will also be very happy to answer questions that you may have, either about Monks or the plans described on page 53.

Literature in Alternative Formats

It is possible to provide copies of the literature in alternative formats, such as large print or on audio tape. Please contact the Baillie Gifford Client Relations Team for more information.

Client Relations Team Contact Details

You can contact the Baillie Gifford Client Relations Team by telephone, email, fax or post.

Telephone 0800 917 2112

Your call may be recorded for training or monitoring purposes.

E-mail trusenquiries@bailliegifford.com

Website www.bailliegifford.com

Fax 0131 275 3955

Client Relations Team

Baillie Gifford Savings Management Limited
Calton Square
1 Greenside Row
Edinburgh EH1 3AN

Please note that Baillie Gifford is not permitted to give financial advice. If you would like advice or if you have any questions about the suitability of any of these plans for you, please ask an authorised intermediary.

Alternative Investment Fund Managers (AIFM) Directive

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Baillie Gifford & Co Limited, is required to be made available to investors. In accordance with the Directive, the AIFM remuneration policy is available from Baillie Gifford & Co Limited on request (see contact details on the back cover) and the numerical remuneration disclosures in respect of the AIFM's first relevant reporting period (year ended 31 March 2016) will be made available in due course.

The Company's maximum and actual leverage levels (see Glossary of Terms below) at 30 April 2015 are as follows

Leverage

	Gross method	Commitment method
Maximum limit	2 50 1	2 00 1
Actual	1 12 1	1 12 1

Glossary of Terms

Total Assets

Total assets less current liabilities, before deduction of all borrowings

Net Asset Value

Net Asset Value (NAV) is the value of total assets less liabilities (including borrowings). The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue.

Net Asset Value at Fair

Borrowings are valued at an estimate of their market worth.

Net Asset Value at Par

Borrowings are valued at their nominal par value.

Discount/Premium

As stockmarkets and share prices vary, an investment trust's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

Total Return

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes up.

Ongoing Charges

The total expenses (excluding borrowing costs) incurred by the Company as a percentage of the average net asset value (with debt at fair value).

Active Share

Active share, a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

Gearing

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets. The level of gearing can be adjusted through the use of derivatives which affect the sensitivity of the value of the portfolio to changes in the level of markets.

Potential gearing is the Company's borrowings expressed as a percentage of shareholders' funds.

Gearing is the Company's borrowings at par less cash and cash equivalents expressed as a percentage of shareholders' funds.

Effective gearing, as defined by the Board and Managers of Monks, is the Company's borrowings at par less cash and cash equivalents and investment grade bonds maturing within one year, as adjusted to take into account the exposure effect of derivative holdings, expressed as a percentage of shareholders' funds.

Leverage

For the purposes of the Alternative Investment Fund Managers (AIFM) Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

Directors

Chairman
JGD Ferguson

CC Ferguson
EM Harley
DCP McDougall
KS Sternberg
JJ Tighe

Registered Office

Computershare
Investor Services PLC
Moor House
120 London Wall
London
EC2Y 5ET

Managers and Secretaries

Baillie Gifford & Co Limited
Calton Square
1 Greenside Row
Edinburgh
EH1 3AN
Tel 0131 275 2000
www.bailliegifford.com

Registrar

Computershare
Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Tel 0870 707 1170

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Depositary

BNY Mellon Trust & Depositary
(UK) Limited
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

Brokers

Canaccord Genuity Limited
88 Wood Street
London
EC2V 7QR

Company Details

www.monksinvestmenttrust.co.uk
Company Registration
No 00236964
ISIN GB0030517261
Sedol 3051726
Ticker MNKS

Further Information

Client Relations Team
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Management Limited
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