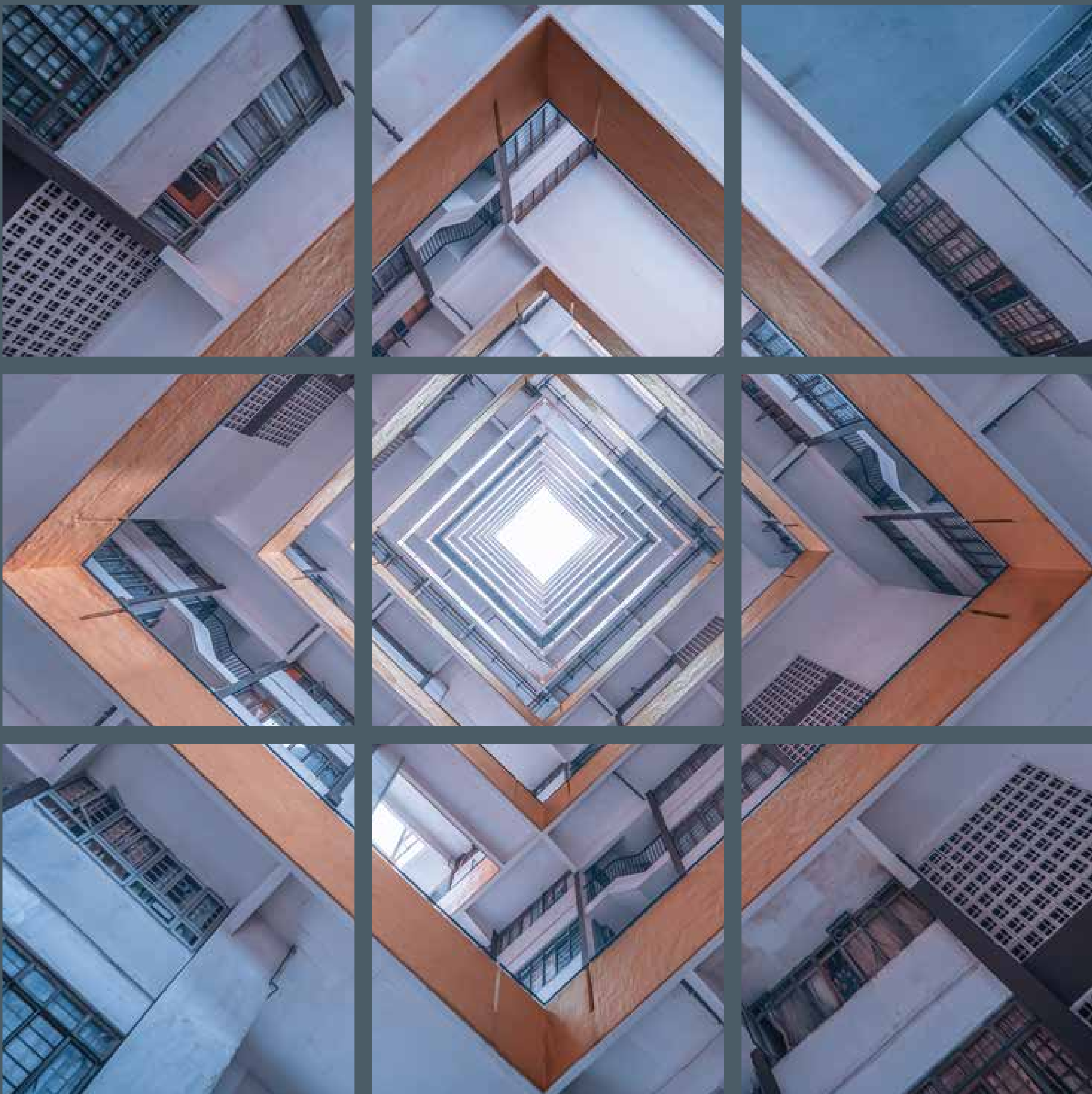
THE MONKS INVESTMENT TRUST PLC

Global growth from
different perspectives



Annual Report and Financial Statements
30 April 2022

BAILLIE GIFFORD

Front cover
Directly below shot of modern building against sky, Hong Kong.

Global growth from different perspectives

The Monks Investment Trust aims to deliver above average long-term returns for shareholders by keeping fees and costs low and harnessing the long-term growth potential of companies.

Contents

Investor Disclosure Document

The UK Alternative Investment Fund Managers Regulations require 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 **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.

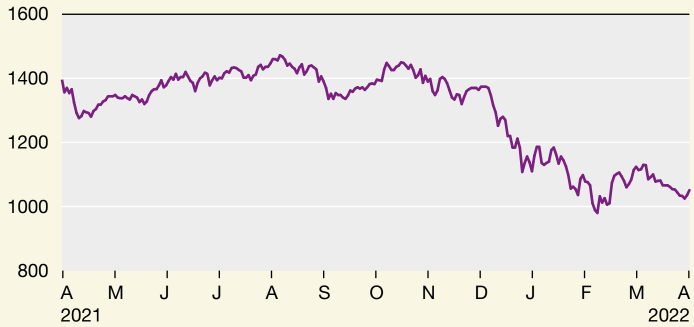
If you have sold or otherwise transferred all of your ordinary shares in The Monks Investment Trust PLC, please forward this document, together with accompanying documents, but not your personalised Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.

Financial Highlights – Year to 30 April 2022

Share Price* -24.6%	**NAV* -19.5%** (borrowings at par)	**NAV* -18.9%** (borrowings at fair value)	**Benchmark*† 6.1%**

Share Price (pence)

Share price

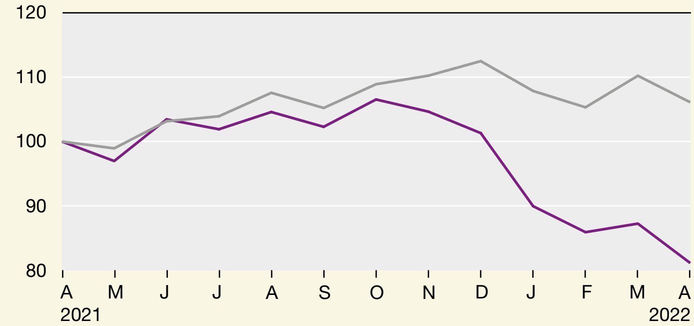


NAV and Benchmark

(figures rebased to 100 at 30 April 2021)

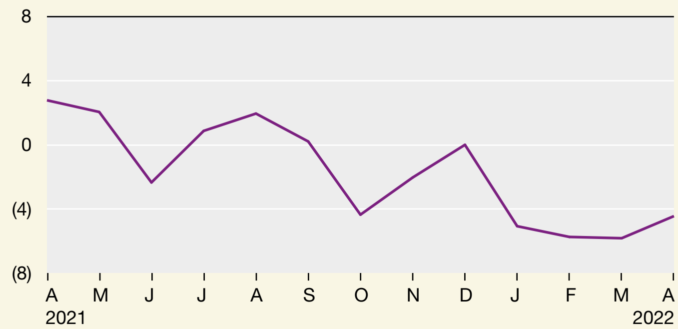
NAV total return (after deducting borrowings at fair value#)

Benchmark† total return



Premium/(Discount)#

Premium/(Discount) (after deducting borrowings at fair value#) plotted as at month end dates



* Source: Refinitiv/Baillie Gifford. All figures are stated on a total return basis. Total return is an Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

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

\# Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

Past performance is not a guide to future performance. See disclaimer on page 73.

Chairman's Statement

The end of Covid restrictions in the Western world has delivered a new set of challenges to investors. Our economic problems are manifesting themselves in a burst of inflation, leaving central bankers with no good policy choices. We cannot know whether inflation will be cured by an economic slowdown, or whether a slowdown will turn into a nasty recession. Stock markets have reflected this greater uncertainty by marking down the prices of all financial assets, particularly hitting the growth companies in which Monks invests.

Just as in previous inflationary periods, a number of cyclical and structural problems have coincided. The problems we face are: scarcity of commodities and fuel; the need to re-arm to prevent conflict; and the re-ordering of supply chains. Underinvestment in oil and gas, new sources of power, and natural resources extraction, has boosted the prices of fuel and commodities. Russia's invasion of Ukraine has reinforced the scarcity of fuel, metals and soft commodities. It has also led to the prospect of greater military expenditure by NATO countries after years of the 'peace dividend'. Supply chains were exposed as fragile when Covid struck, and China's ongoing restrictions while the rest of the world reopened, have exacerbated the problem, as has China's tacit support for Mr Putin. In any case the great outsourcing of manufacturing to China was reaching its natural limit as China's cost advantage eroded.

All of these problems have arisen as economies responded to pent-up demand after nearly two years of restrictions on normal life, and permanent changes to patterns of living and working. The scale of monetary largesse during the critical early stages of the pandemic turns out, with the benefit of hindsight, to have been too much. Excess money is extinguished only by real supply or price rises. Unlike the end of the 1970s when central bankers finally took on inflation and raised interest rates substantially, policymakers face the constraint of high levels of debt for the state, the corporate sector and households. This makes the future path of rates and the economy particularly difficult to gauge.

After five sequential years of outperformance, the Monks portfolio has suffered since more of growth companies' value is in the future. Whatever the course of macroeconomic policy, though, our lives will continue to change as technology evolves, and the companies that will ultimately do well regardless, are those that capture and exploit this change. This is what the Managers seek to do through their bottom-up, stock-picking approach. The identification and patient ownership of exceptional companies driving fundamental change is likely to support real growth. This is still the best source of wealth creation.

Performance

During the year the NAV total return, with borrowings calculated at fair value, was -18.9% and the share price total return was -24.6%, while the FTSE World Index returned +6.1%. This is a disappointing outcome but should be considered in the context of Monks' long-term investment approach. Indeed, it is now seven years since the change in investment approach was implemented in March 2015. Five years and beyond are appropriate yardsticks by which to measure the long-term strategy of the Company. Since the end of March 2015 the NAV total return has been 147.8%* against the comparative index at 128.9%*. Over the same period the share price total return was 163.6%*.

Share Capital

Following several years of significant share issuance, the Board decided to supplement natural market liquidity through buybacks into treasury for subsequent reissue when the Company's shares return to trading at a premium to NAV. Buying in the Company's own shares at a discount to NAV enhances NAV per share for ongoing shareholders and helps to relieve short term imbalances between buyers and sellers in the open market. With the shares trading at a consistent discount throughout the year, the Company bought back 8.8 million shares, costing £97.9 million. The discount to NAV with borrowings calculated at fair value was 4.4% as at 30 April 2022, compared to a premium of 2.8% at 30 April 2021.

Borrowings and Gearing

Our Investment Trust structure allows gearing, which will enhance long-term returns, even if future equity returns are closer to the long-run average than we have experienced over the last five years. The Board's strategic borrowing target is 10% and it is expected that gearing will be maintained in the range of minus 15% to plus 15%. Gearing was low (1.0%) at the start of the year and remained so (0.8%) going into the sharp share price falls in late 2021. It ended the period at 7.3%. Our revolving credit facility was renewed for a three-year period in November 2021. This short-term borrowing is complemented by a mixture of long-term debt issued to insurance companies, secured at very attractive rates in 2020, and a long-standing debenture maturing in March 2023.

Management Expenses

Monks is very competitive on fees and expenses, which helps to enhance returns to shareholders. The total ongoing charges ratio for the year to 30 April 2022 was 0.40%, down from 0.43% in the prior year and 0.58% at April 2015. The current tiered management fee scale should ensure that all shareholders will benefit from economies of scale.

* Total returns from 31 March 2015 to 30 April 2022.

Past performance is not a guide to future performance. Total return information is sourced from Baillie Gifford/Refinitiv and relevant underlying index providers. See disclaimer on page 73.

For a definition of terms used see Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

Earnings and Dividend

Monks invests with the aim of maximising capital growth rather than income. All costs are therefore charged to the Revenue Account. The Board's policy is to pay the minimum dividend required to maintain investment trust status. Retained earnings are reinvested in the portfolio. In order to build in headroom for further buybacks that may reduce the shares in issue qualifying for dividends, the Board is recommending that a single final dividend of 2.35p be paid, compared to 2.0p last year, to ensure that the amount retained for the year does not exceed that permissible.

Governance and Sustainability

The Company's Managers continue to be very focused on ensuring the holdings in the portfolio address the needs of all stakeholders. At the same time, they wish to back and encourage ambition amongst the companies that they own for you. This requires deep understanding of individual companies and the patience to engage with management. Just as Monks invests for the long term, we encourage the investee companies to do the same. Each year the Managers have material engagements with well over half the holdings in the portfolio. At present, an industry is emerging around the narrow measurement of Environmental, Social and Governance factors. Whilst we will pay close attention to these and in time will report on metrics we feel are appropriate, we think that patient engagement with and encouragement of company management teams is the best way to enhance long-term returns, and much of this cannot be captured quantitatively. I would strongly encourage you to refer to the **Monks Stewardship Report 2021** on the Company' page of the Managers' website and read more about how the Managers thoughtfully engage with the companies they invest in on your behalf.

The Board

Following the retirement from the Board of James Ferguson and Edward Harley, the Directors reviewed the skills, experience, and balance of tenure lengths of the remaining Board members; considered recent and anticipated developments in the commercial and regulatory landscape; and appointed Odgers Berndtson to commence the search for a new Director.

Outlook

Shareholders have experienced a sharp share price decline in the last year but it is at times like these that it is of utmost importance that the Managers stick to their longstanding investment approach, which is based on bottom-up stock picking and a focus on growth companies. The vast majority of the portfolio holdings continue to perform well operationally, and in the Managers' view, remain strongly placed to grow over the long term. An important aspect of the approach is for the Managers to remain far sighted in their outlook as they seek to identify long-term structural change. I would encourage shareholders to read the Managers' latest Research Agenda, which can be found on the Company's page of the Managers' website. This highlights a handful of areas of significant change which are likely to yield some exciting growth opportunities in the future. These include where opportunities may exist as the World transitions away from fossil fuels towards renewable energy and where technology and software may help to unlock scale constraints for healthcare and biotech businesses. We do not expect returns to be linear – volatility is part of long-term investing. The Manager is in a strong position to identify attractive growth opportunities at compelling valuations in order to deliver attractive long-term returns for shareholders. The Board remain confident in the investment approach and optimistic about the future.

Annual General Meeting

The Company's AGM has been scheduled to take place on Tuesday 6 September 2022 at the Institute of Directors, Pall Mall, London, SW1Y 5ED. Last year, the Board announced and fully intended to hold a physical meeting but, given the ongoing uncertainty created by rising infections and the potential impact of short-notice cancellation by key participants owing to sickness, reverted to a purely administrative meeting held at the Managers' offices, limiting attendance to those required for a quorum.
We very much hope that this year circumstances will permit us to meet the Company's shareholders in person. Nevertheless, given that Covid-19 remains in circulation and new variants may present new challenges, the Board encourages all shareholders to exercise their votes at the AGM by completing and submitting a form of proxy. We would encourage shareholders to monitor the Company's website at **monksinvestmenttrust.co.uk** where any updates will be posted and market announcements will also be made.

Among the resolutions being put to shareholders at the AGM, new Articles of Association are recommended for adoption. Details of the proposed changes are provided in an Appendix to the Notice of Annual General Meeting. Among them are the provisions necessary for the Company to hold hybrid or remote-only general meetings. These provisions are being introduced purely to enhance the operational resiliency of the Company, to be used in extremis to ensure that the essential business of the Company can be conducted, should circumstances prevent the holding of physical meetings. For avoidance of doubt, the Board's preference will always be to hold physical general meetings, allowing shareholders the opportunity to discuss the business arising with Directors and Managers in person.

Should shareholders have questions for the Board or the Managers or any queries as to how to vote, they are welcome as always to submit them by email to **trustenquiries@bailliegifford.com** or call 0800 917 2112.

KS Sternberg
Chairman
20 June 2022

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 relatively little interest to us.

— 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 diverge – 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 three growth categories – as set out on pages 10 and 11.

— The use of these three growth categories ensures a diversity of growth drivers within a disciplined framework.

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

— Investments are held in three broad holding sizes – as set out on pages 10 and 11.

— 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

— Investors should not be penalised by high management fees.

— Low turnover and trading costs benefit shareholders.

* For a definition of terms used see Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

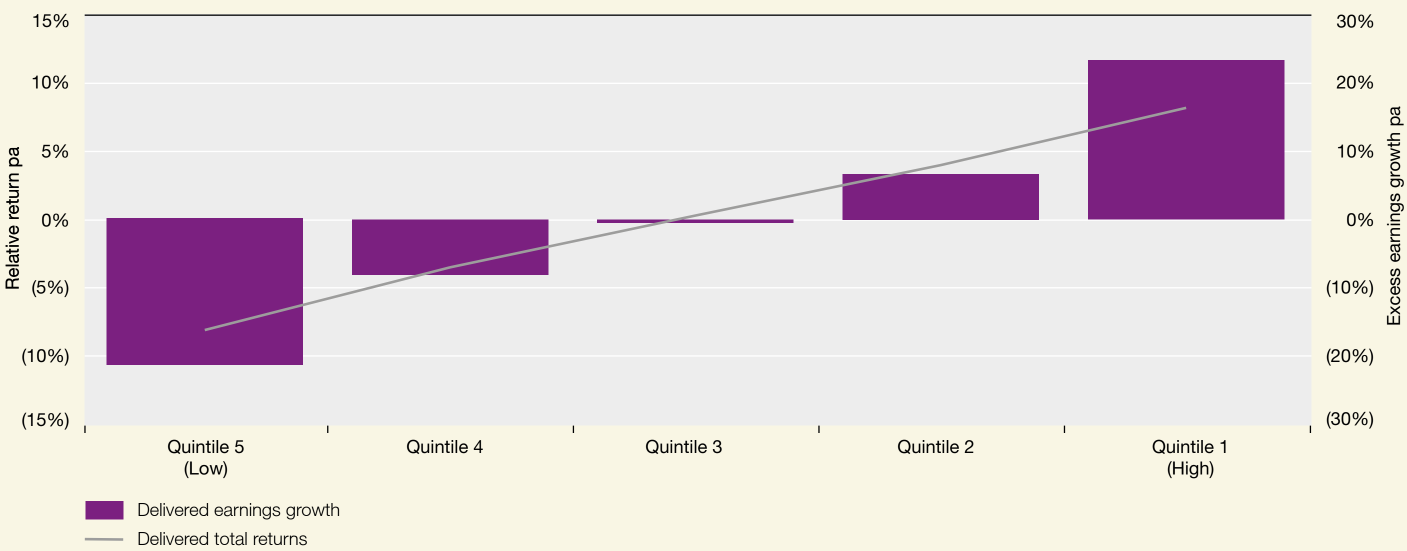
Managers' Report

Background

The latter four months of Monks' financial year has been a perfect storm for growth investors. Steep share price falls have occurred amid a challenging backdrop of supply chain disruption and rising levels of inflation. Allied to uncertainty around the regulatory regime in China and the tragic events in Ukraine, the result has been a surge in volatility and an extreme shift in sentiment characterised by a swing away from growth towards more value-oriented parts of the market. The impact on performance for the Monks investment Trust, with its optimistic, reward-seeking approach, has been painful.

A mere twelve months ago, we were reflecting on a period of very strong performance. We recognise that the speed and size of the reversal since then has been jarring for shareholders. We have no idea what the immediate future holds and so offer no predictions about what the coming months may bring. However, at times like this, it is helpful to return to the principle which guides how we look to add value over long periods of time. This approach is based on the identification and patient ownership of special companies, defined as those that have the potential to deliver attractive rates of earnings growth over periods of five years or more. There is a very high correlation between companies that ultimately deliver on this potential and those that also outperform in share-price terms. Looking at the thousands of stocks in the global universe of equities dating back 30 years and categorising them according to their rates of earnings growth, share-price returns clearly and consistently follow operational performance. This relationship between the potential for long-term value creation and share-price performance breaks down over shorter periods but underpins our steadfast approach to long-term investing.

Delivered Median Total Returns on Earnings Growth Quintiles Rolling 5-year Horizons (1992–2021)



Source: FactSet, FTSE, MSCI. The universe consists of all stocks listed in the FTSE World and MSCI ACWI Indices at each starting period and excluding repetitions.

Performance

The current team has managed The Monks Investment Trust for seven years. Over this period, the total return has been +147.8%* (share price +163.6%*) compared to the comparative index (FTSE World) which is up +128.9%*. The year to April 2022 has been challenging. The fair value NAV total return was -18.9% (share price -24.9%) against the comparative index total return of +6.1%. This is disappointing for shareholders but should be considered in the context of having followed a period of exceptional returns, and the Company's long-term investment horizon.

Underlying the extreme shift away from growth towards value (the MSCI Value index has outperformed the corresponding Growth index by +15.5% in the four months to the end of April 2022), there have been two principal drivers of Monks' underperformance. One relates to early-stage growth companies and the other, to Chinese businesses.

* Total returns from 31 March 2015 to 30 April 2022.

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The recent environment has reflected a high degree of scepticism with regards to the future potential of companies yet to achieve sustained profitability and the probability that they will be able to earn attractive returns on their high levels of current investment. Excluding Monks' investments in private companies, around 13% of the listed portfolio is currently loss making. Our work has provided reassurance that not only do a vast majority of the companies remain resilient, but that they continue to make strong operational progress, despite their share price travails. Among the most acute examples is Farfetch, the online luxury goods marketplace which has doubled volumes and revenues in the past two years. Despite this, it is among the largest detractors from performance (shares are down -74%). We continue to believe in the company's path to profitability. The shares' current valuation (1.1x forward 12m sales) appears to us to materially undervalue Farfetch's opportunity not only in its core online marketplace, but in its 'Platform Solutions' business, which enables brands and retailers to drive online growth. A company which is of concern is our holding in Peloton (home fitness). The company has significantly overestimated demand and committed too much capital to the production of its hardware (bikes). This has undermined the prospect of future profitability. A new CEO in Barry McCarthy, formerly of Netflix and Spotify, is a move in the right direction, however this stock remains firmly under review and has been a disappointing holding since we purchased it in August 2021.

Share prices of a majority of Monks' Chinese holdings fell sharply following the imposition of widespread regulation by central government. Holdings such as Alibaba (ecommerce and cloud computing), Meituan (food delivery) and Naspers and Prosus (which have look-through exposure to Tencent in social media and gaming) have fallen by between 50–70%. We seek to remain open-minded about the long-term regulatory implications. On the one hand, we believe that much of the regulation is likely to support businesses to be sustainable and operate with the grain of society (for example, some of the regulation supports social provision for the lowest paid workers). On the other, we seek to remain vigilant where there is evidence that the Chinese state is limiting the upside for private companies. We have acted where this has been the case in selling Ping An Healthcare and Technology (telemedicine) and reducing the portfolio's position in Meituan. We continue to take signals from what we see at the corporate level and are actively reviewing other positions including KE Holdings (online real estate) and Tencent Music Entertainment in what is an uncertain situation.

Mastercard, the digital payments business, continues to grow at attractive rates.

Portfolio Positioning

Widespread and indiscriminate share price falls bring with them significant challenges. Our response has been to be disciplined with regards to our process, to ensure that we continue to stretch out our time horizons and to focus on fundamental changes to the investment cases of the companies in the portfolio. A significant decline in a company's share price is a far from reliable signal that an investment case is broken. Indeed, some of Monks' highest returning holdings have experienced drawdowns of more than 50 per cent. This includes the likes of Tesla (electric vehicles), Amazon (ecommerce and cloud), Moody's (credit rating) and Anthem (health insurance). Our examination of the operational progress across the portfolio is reassuring. The portfolio's revenue growth is accelerating. Over the next year, sales are forecast to grow at 17% (twice the rate of the prior 5-year average) compared with a market rate of 10%. Importantly, this pattern of acceleration is broadly evident across the different parts of the portfolio, incorporating compounding businesses like Mastercard (digital payments) or Estée Lauder (cosmetics); innovative, high growth companies like Cloudflare (cloud software) or The Trade Desk (programmatic advertising); as well as more cyclical operators like CRH (build materials) or Albemarle (lithium mining).

Estée Lauder has a high quality portfolio of cosmetic brands.

Adobe, the digital content creation platform, offers an expanding range of tools to users.

We have assessed all the portfolio with regards to how it may fare in an environment of persistently higher inflation, attempting to get beyond the simplistic narrative that higher levels of inflation, and the accompanying potential for rising interest rates, is bad for growth companies. This work incorporated assessing various aspects of pricing power, including the frequency of purchases and the degree of value-add, margin structures, the speed of the business cycle and capital intensity. Our conclusion is that the portfolio is skewed towards businesses with a high degree of flexibility to cope with a surge in inflation. For example, whilst Martin Marietta (materials and building supplies) is a capital-intensive operator, by virtue of dominating its local markets in the US, it possesses exceptional pricing power (it has increased prices on average by 4.5% p.a. over the past decade). Alternatively, Mastercard (digital payments) with its infrastructure like position in payments and capital light business model has significant room for manoeuvre against a more challenging backdrop.

Chewy, an online pet consumables business, was added to the portfolio in the year.

As active, stock picking investors we are acutely aware of the opportunities that the current market volatility presents. While turnover has remained low (11%), we have added 11 new companies to the portfolio and made additions where the upside is compelling. Our focus has been to pay heed to one of our central process questions which is 'What does it bring to the portfolio?' We continue to value the benefits of diversity in sources of revenue, earnings and cash flow growth and have sought to strengthen this in recent months. We have added to the portfolio through positions in the likes of Certara (bio simulation software), Chewy (online pet consumables), Analog Devices (analogue semiconductors), Adobe (creative digital software) and Royalty Pharma (life science funding). Additions have been made where we felt that our view was most differentiated from the market – examples include additions to Martin Marietta (aggregates), Anthem (health insurance) and Farfetch (online luxury). Sales have come from positions where we either felt that valuations were too high, or a competitive position was being eroded. In the former camp, Resmed (medical devices), Advantest (semiconductor testing) and ICICI Bank (retail and commercial banking) were companies which have executed well but where the share price has outstripped their fundamental progress. With the benefit of perfect hindsight, we should have gone further in reducing other positions within the portfolio given the voracity of share price falls recently. In other regards, the portfolio was well positioned, for example net gearing was 0.8% in November going into the market reversal. In the latter camp, we sold Lending Tree (online financial platform), Hays (recruitment) and Interactive Brokers (online trading) on the grounds that the competitive landscape was intensifying, and we lacked conviction in the ability of those businesses to respond adequately. Elsewhere, Monks had minimal exposure to Russian stocks (0.64% of fund at the beginning of January) – holdings in Sberbank (retail bank) and VK Ltd (social media). We began to sell VK Ltd prior to the commencement of the war and acted swiftly to sell Sberbank thereafter. A financial market shut down in Russia meant that a fractional position in these companies remains within the portfolio (<0.01% of fund). We will seek to sell out completely at our earliest opportunity.

© Lyft,Inc.

Stewardship

It is at times like these that we believe it becomes more important to be patient and engaged shareholders. Periods of share-price weakness can bring behavioural challenges not just for investors, but also for management teams and may be deeply unsettling for employees. One of the risks in the current portfolio is that management teams react to the signals they are getting from the market, shortening their own time horizons, and reining in investment. There would likely be a significant opportunity cost to such actions. When we have engaged with companies over recent months, we have therefore encouraged them to try to decouple thinking on their operational decision making from share prices as much as possible. Where we feel this has not been the case, or where management are failing to invest for the long term, we have sold. The recent sale of Lyft (ride sharing) is a case in point. We felt that the scale of ambition at Lyft – having once been to bring fleets of autonomous vehicles to market – has been curtailed. This has been coupled with egregious stock-based compensation pay-outs which, in our view, are not appropriate given underwhelming operational progress nor aligned with the long-term interests of shareholders.

Further examples of our engagement with companies can be seen in the **Monks Stewardship Report 2021**.

Continued Improvement

Shareholders in Monks may be familiar with the growth profiles (Stalwart, Rapid, Cyclical and Latent) by which we divide the portfolio. These help to provide clarity about the inefficiency we seek to exploit in our investments and our expectation about how growth is to be delivered. Our analysis has shown that the benefits of diversification across the growth profiles is real. We have consistently found that the portfolio in aggregate outperforms more often than any of the individual growth profiles on a standalone basis. However, our analysis suggest that the Latent Growth profile has been somewhat of a laggard, outperforming considerably less than its siblings. In other words, it contributes little to the positive diversification effect of the portfolio. We have therefore decided to stop explicitly seeking Latent Growth opportunities for Monks. In our endeavour to improve as investors it is important to recognise where we do not excel. Therefore, we believe it will be additive to sharpen our focus across the three other growth profiles, where we typically see the most attractive growth opportunities and have a strong track record of identifying winners. There is no change to the underlying portfolio as the current Latent Growth positions will be retained within the Cyclical Growth profile unless or until they meet our criteria for disposal.

Outlook

As an active manager our approach is based on nurturing investment insights, which lead us to a differentiated view on the future potential of companies. Monks' long-term returns depend on this. A fundamental feature of this approach is that there will inevitably be periods when our views are very differentiated, and the resulting performance of the portfolio might be uncomfortable. The managers recognise this, being themselves materially invested in the Company and therefore aligned with shareholders. It is a natural tendency at times of turmoil and uncertainty for time horizons to contract. Our belief in the importance of patience means that we will continue to allocate our time to those areas of research which we think will be most impactful over the long term, focusing on unearthing the gems which may be handed to us at a time when others are being particularly fearful, and which will sow the seeds for future growth. In this sense, we remain forward looking and optimistic about the future. Thank you for your support and patience.

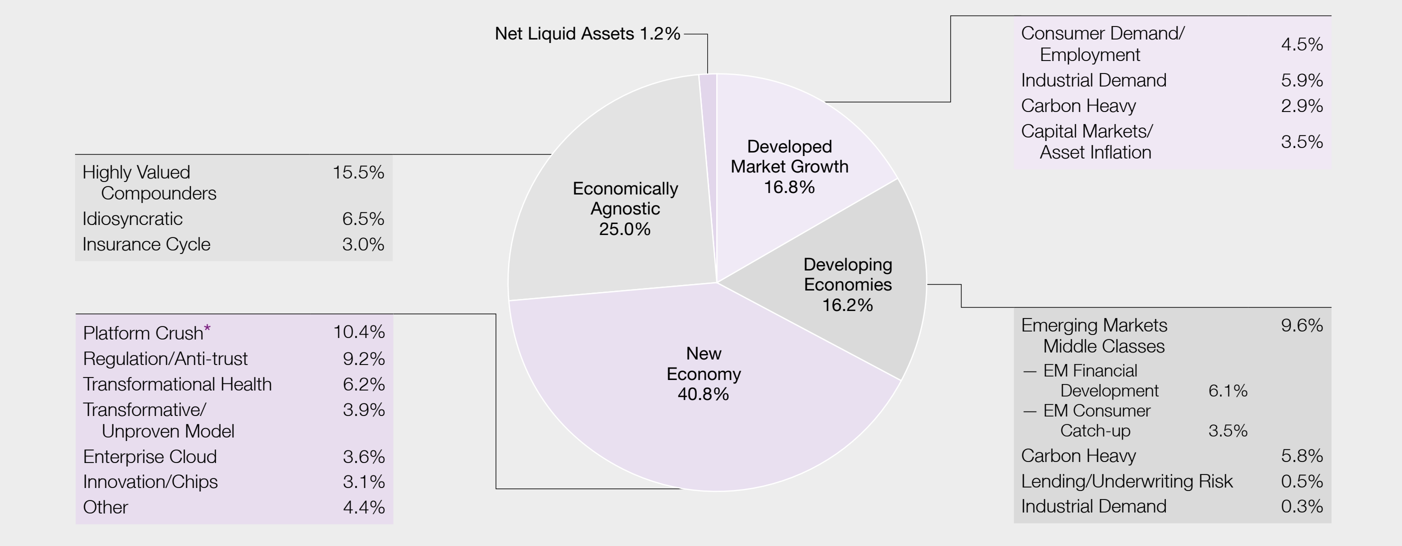
Spencer Adair
Malcolm MacColl

Baillie Gifford & Co
20 June 2022

Portfolio Positioning

As at 30 April 2022

Thematic Exposure



Although the managers' approach to stock picking is resolutely 'bottom-up' in nature and pays no attention to the structure of the index, it is essential to understand the risks of each investment and, in turn, where there may be concentrations of exposures. The chart above outlines the key exposures of the portfolio at the Company's year end:

— 16.8% of the portfolio is classified as Developed Market Growth. This includes exposure to industrial and consumer sectors, among others. Industrial businesses include Martin Marietta, a leading US aggregates supplier. In the consumer setting, there is exposure to Estée Lauder, a global cosmetics brand, and Ryanair, the low-cost airline.

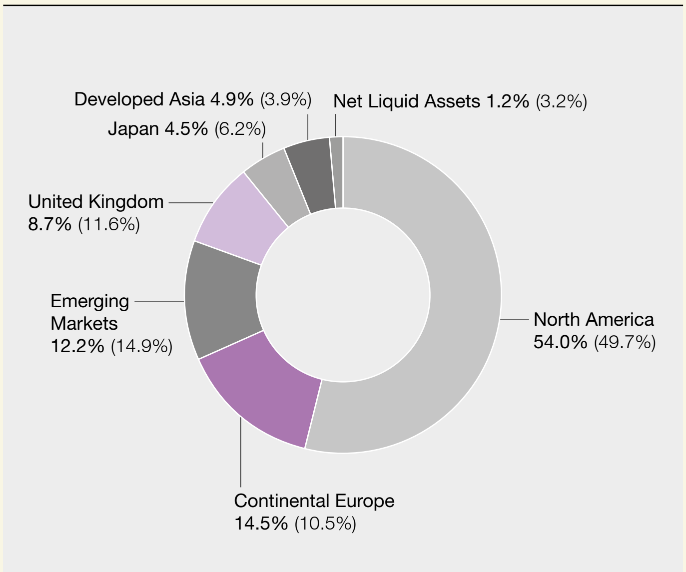
— 16.2% of the portfolio is invested in stocks identified to be the beneficiaries of growth in Developing Economies. There is meaningful exposure to companies likely to profit from increasing consumption levels and financial development in emerging markets. In the former category are mining companies BHP and Rio Tinto and in the latter is AIA Group, the pan-Asian life insurance company.

— 40.8% of the portfolio is identified as being exposed to the New Economy. This brackets a diverse range of businesses from internet winners in developed and emerging economies to healthcare and semiconductor companies. *'Platform Crush' typically refers to capital light online companies which seek to serve multiple stakeholders via a platform model. Examples include Farfetch, the online luxury goods business, and Doordash in online food delivery in the US. Prominent names in healthcare include Illumina, the genetic sequencing company and Moderna, the mRNA drug discovery company. TSMC makes semiconductor 'chips', whilst Teradyne provides testing equipment and services to the industry.

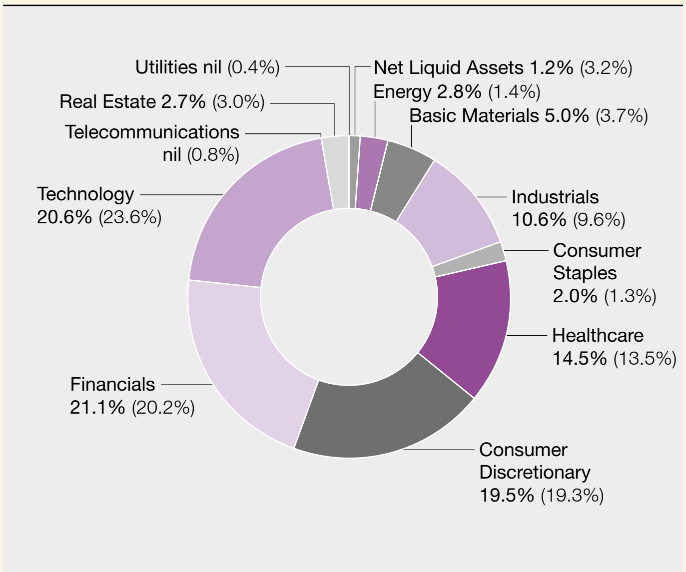
— 25.0% of the portfolio is classified as Economically Agnostic/ Idiosyncratic. This includes a diversified range of companies, many of which are growth stalwart businesses, such as Anthem, the US health insurance provider, Service Corporation, the crematoria business and the digital payments business, MasterCard. US insurance specialists Arthur J. Gallagher and Markel make up part of the exposure to the insurance cycle.

— The remaining 1.2% is composed of net liquid assets.

Geographical 2022 (2021)



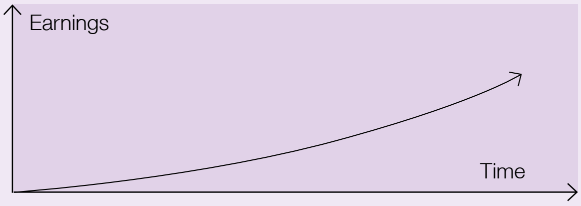
Sectoral 2022 (2021)



Investment Portfolio by Growth Category*

As at 30 April 2022

Growth Stalwarts



c.10% p.a. earnings growth

Company characteristics

- Durable franchise
- Deliver robust profitability in most macroeconomic environments
- Competitive advantage includes dominant local scale, customer loyalty and strong brands

Highest conviction holdings c.2.0% each

Anthem	3.8	Arthur J. Gallagher	2.0
Microsoft	2.7	Pernod Ricard	1.9
Alphabet	2.5	MasterCard	1.8
Moody's	2.4	AIA	1.7
Service Corporation International	2.1	Thermo Fisher Scientific	1.6

Average sized holdings c.1.0% each

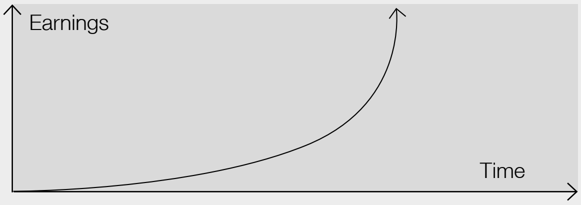
Prudential	1.4	Broadridge Financial Solutions	0.9
Olympus	1.4	Sysmex	0.7
Estée Lauder	1.3	Adobe Systems	0.7
S&P Global	1.1		
Meta Platforms Inc	1.0		

Incubator holdings c.0.5% each

CoStar	0.6
adidas	0.6
Analog Devices	0.5
Certara	0.4
Topicus.com	0.4
Hoshizaki Corp	0.3
Chewy Inc	0.2

Total in this growth category 34.0%

Rapid Growth



c.15% to 25% p.a. earnings growth

Company characteristics

- Early stage businesses with vast growth opportunity
- Innovators attacking existing profit pools or creating new markets

Highest conviction holdings c.2.0% each

The Schiehallion Fund†	4.6
Reliance Industries	2.8
Prosus	2.3
Amazon.com	1.8

Average sized holdings c.1.0% each

Tesla	1.4	Alnylam Pharmaceuticals	0.8
The Trade Desk	1.2	Ping An Insurance	0.8
HDFC	1.0	Epic Games	0.7
Illumina	1.0	MercadoLibre	0.7
Moderna	1.0	Cloudflare	0.7
B3 Group	0.9	Shopify	0.7
Alibaba	0.9	Schibsted	0.7
Sea Limited	0.9		

Incubator holdings c.0.5% each

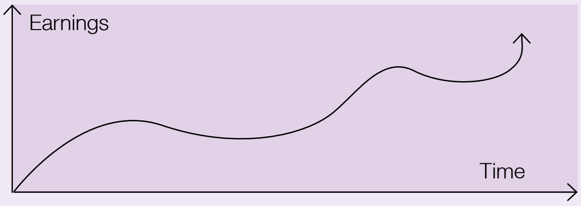
Meituan	0.6	Staar Surgical	0.3
ByteDance	0.6	Bumble	0.3
DENSO	0.6	Spotify	0.3
Genmab	0.6	Netflix	0.3
Doordash	0.6	Oscar Health	0.3
Li Auto	0.5	Ant International	0.3
ICICI Prudential Life Insurance	0.5	Exact Sciences	0.2
Abiomed	0.5	Ubisoft Entertainment	0.2
Farfetch	0.5	Chegg	0.2
Twilio	0.5	Space Exploration Technologies	0.2
CyberAgent	0.5	Teladoc	0.2
Adyen	0.5	Stripe	0.2
Snowflake	0.5	Carvana	0.2
Datadog	0.4	Peloton Interactive	0.2
Renishaw	0.4	Tencent Music Entertainment	0.1
M3	0.4	Vimeo	0.1
Axon Enterprise	0.4	Oatly	0.1
Trupanion	0.4	KE Holdings	0.1
Lemonade	0.4	Naspers	0.0
Denali Therapeutics	0.4	VK Company Limited	0.0
Novocure	0.3		
Adevinta Asa	0.3		
Coupang LLC	0.3		
Wayfair	0.3		

Total in this growth category 39.7%

* Excludes net liquid assets.

† Combined ordinary and C share holdings.

Cyclical 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

Martin Marietta Materials	2.6
BHP Group	2.1
Ryanair	1.9
CRH	1.7
TSMC	1.6
Rio Tinto	1.6
CBRE Group	1.5

Total in this holding size 47.0%

Albemarle	1.3	Charles Schwab	0.9
Booking Holdings	1.2	Atlas Copco	0.7
Royalty Pharma	1.1	Epiroc	0.7
Markel	1.1	SMC	0.7
Teradyne	1.0	SiteOne Landscape Supply	0.7
Richemont	1.0		

Total in this holding size 32.3%

Deutsche Boerse	0.6
Howard Hughes	0.6
Nexans	0.5
Wizz Air Holdings	0.3
Sands China	0.3
IAC/Interactivecorp	0.2
Brilliance China Automotive	0.2
Silk Invest Africa Food Fund	0.2
Sberbank of Russia	0.0

Total in this holding size 20.7%

Total in this growth category **26.3%**

List of Investments

As at 30 April 2022

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities					
The Schiehallion Fund*	Global unlisted growth equity investment company	Rapid	68,423	2.5	
The Schiehallion Fund C Shares*	Global unlisted growth equity investment company	Rapid	51,883	1.9	
			120,306	4.4	
Anthem	Healthcare insurer	Stalwart	101,427	3.8	
Reliance Industries	Indian energy conglomerate	Rapid	75,473	2.8	
Microsoft	Software and cloud computing enterprise	Stalwart	71,080	2.6	
Martin Marietta Materials	Cement and aggregates manufacturer	Cyclical	69,444	2.6	
Alphabet	Online search engine	Stalwart	67,216	2.5	
Moody's	Credit rating agency	Stalwart	64,153	2.4	
Prosus	Media and ecommerce company	Rapid	60,897	2.3	
BHP Group	Mineral exploration and production	Cyclical	57,011	2.1	**25.5**
Service Corporation International	Funerals and cemeteries	Stalwart	56,282	2.1	
Arthur J. Gallagher	Insurance broker	Stalwart	53,817	2.0	
Ryanair	Low cost European airline	Cyclical	51,059	1.9	
Pernod Ricard	Global spirits manufacturer	Stalwart	50,897	1.9	
Amazon.com	Online retailer	Rapid	48,665	1.8	
MasterCard	Electronic payments network and related services	Stalwart	47,515	1.8	
CRH	Diversified building materials company	Cyclical	46,479	1.7	
AIA	Asian life insurer	Stalwart	45,260	1.7	
TSMC	Semiconductor manufacturer	Cyclical	43,425	1.6	
Rio Tinto	Global commodities businesses	Cyclical	42,763	1.6	**43.6**
Thermo Fisher Scientific	Scientific instruments, consumables and chemicals	Stalwart	41,222	1.5	
CBRE Group	Commercial real estate operator	Cyclical	38,712	1.4	
Tesla	Electric cars and renewable energy solutions	Rapid	37,955	1.4	
Prudential	International life insurance	Stalwart	37,949	1.4	
Olympus	Optoelectronic products	Stalwart	37,948	1.4	
Albemarle	Speciality chemicals	Cyclical	35,545	1.3	
Estée Lauder	Global cosmetic brands business	Stalwart	35,385	1.3	
The Trade Desk	Advertising technology company	Rapid	31,927	1.2	
Booking Holdings	Online travel agency	Cyclical	30,583	1.1	
Royalty Pharma	Biopharmaceutical royalties portfolio	Cyclical	29,879	1.1	**56.7**
S&P Global	Global credit rating agency	Stalwart	29,476	1.1	
Markel	Markets and underwrites speciality insurance products	Cyclical	28,189	1.0	
Meta Platforms Inc	Social networking website	Stalwart	27,817	1.0	
Teradyne	Semiconductor testing equipment manufacturer	Cyclical	26,877	1.0	
HDFC	Indian mortgage provider	Rapid	26,713	1.0	
Illumina	Gene sequencing business	Rapid	25,461	0.9	
Richemont	Luxury goods company	Cyclical	25,385	0.9	
Moderna	Drug discovery using mRNA technology	Rapid	25,255	0.9	
B3 Group	Brazilian stock exchange operator	Rapid	24,391	0.9	
Alibaba	Online commerce company	Rapid	24,244	0.9	**66.3**
Broadridge Financial Solutions	Provides technology based solutions to the financial services industry	Stalwart	23,970	0.9	

* The Schiehallion Fund is managed by Baillie Gifford. The Company's holdings in The Schiehallion Fund are excluded from its assets when calculating the management fee. See note 3 on page 51. The ordinary and C share portfolios of The Schiehallion Fund are managed as distinct investment pools, until such time as the C shares are converted into ordinary shares.

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Charles Schwab	Online savings and trading platform	Cyclical	23,806	0.9	
Sea Limited	Online and digital gaming	Rapid	23,160	0.9	
Alnylam Pharmaceuticals	RNA interference based biotechnology	Rapid	21,247	0.8	
Ping An Insurance	Chinese life insurer	Rapid	21,179	0.8	
Epic Games[u]	Gaming software developer	Rapid	19,613	0.7	
Atlas Copco	Industrial equipment	Cyclical	19,348	0.7	
Epiroc	Construction and mining machinery	Cyclical	18,991	0.7	
MercadoLibre	Latin American ecommerce platform	Rapid	18,612	0.7	
Sysmex	Medical testing equipment	Stalwart	18,526	0.7	**74.1**
SMC	Producer of factory automation equipment	Cyclical	18,450	0.7	
SiteOne Landscape Supply	US distributor of landscaping supplies	Cyclical	18,231	0.7	
Cloudflare	Cloud based IT services business	Rapid	18,187	0.7	
Shopify	Online commerce platform	Rapid	18,093	0.7	
Adobe Systems	Software products and technologies	Stalwart	17,592	0.7	
Schibsted	Media and classified advertising platforms	Rapid	17,561	0.7	
Meituan	Online commerce platform	Rapid	17,272	0.6	
CoStar	Commercial property portal	Stalwart	17,182	0.6	
adidas	Sports apparel manufacturer	Stalwart	16,897	0.6	
Deutsche Boerse	Stock exchange operator	Cyclical	16,319	0.6	**80.7**
ByteDance[u]	Online content platform including TikTok	Rapid	15,987	0.6	
DENSO	Automotive component supplier	Rapid	15,722	0.6	
Genmab	Biotechnology company	Rapid	15,479	0.6	
Howard Hughes	US real estate developer	Cyclical	15,082	0.6	
Doordash	Online commerce platform	Rapid	14,903	0.6	
Nexans	Manufacturer of cables and electrical parts	Cyclical	14,498	0.5	
Li Auto	Electric cars with a focus on China	Rapid	14,473	0.5	
ICICI Prudential Life Insurance	Life insurance services	Rapid	13,695	0.5	
Abiomed	Medical implant manufacturer	Rapid	13,636	0.5	
Farfetch	Online fashion retailer	Rapid	13,327	0.5	**86.2**
Analog Devices	Integrated circuits	Stalwart	13,275	0.5	
Twilio	Cloud based communications platform	Rapid	13,010	0.5	
CyberAgent	Japanese internet advertising and content	Rapid	12,672	0.5	
Adyen	Digital payments	Rapid	12,248	0.5	
Snowflake	Cloud based data insight application	Rapid	12,133	0.4	
Datadog	Cloud based IT system monitoring application	Rapid	11,731	0.4	
Renishaw	World leading metrology company	Rapid	11,711	0.4	
Certara	Drug discovery and development company	Stalwart	11,509	0.4	
M3	Online medical services	Rapid	11,284	0.4	
Axon Enterprise	Manufacturer of law enforcement devices	Rapid	11,062	0.4	**90.6**
Trupanion	Pet health insurance provider	Rapid	9,958	0.4	
Lemonade	Data and insurance company	Rapid	9,740	0.4	
Denali Therapeutics	Early stage biotech company	Rapid	9,668	0.4	
Topicus.com	Vertical market software and solutions	Stalwart	9,465	0.4	
Wizz Air Holdings	Low-cost East European airline	Cyclical	9,088	0.3	

[u] Denotes unlisted (private company) investment.

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Novocure	Biotechnology company focusing on solid tumour treatment	Rapid	8,889	0.3	
Adevinta Asa	Media and classified advertising platforms	Rapid	8,724	0.3	
Coupang LLC	South Korean ecommerce	Rapid	8,690	0.3	
Wayfair	Online home furnishings business	Rapid	8,027	0.3	
Staar Surgical	Implantable contact lenses	Rapid	7,707	0.3	**94.0**
Bumble	Dating application	Rapid	7,643	0.3	
Spotify	Online music streaming service	Rapid	7,626	0.3	
Netflix	Subscription service for TV shows and movies	Rapid	7,065	0.3	
Sands China	Macau casino operator	Cyclical	6,986	0.3	
Oscar Health	Disruptive personal insurance provider	Rapid	6,981	0.3	
Hoshizaki Corp	Commercial kitchen equipment manufacturer	Stalwart	6,898	0.3	
Ant International[u]	Chinese online payments and financial services business	Rapid	6,871	0.3	
Exact Sciences	Cancer detection and treatment	Rapid	6,574	0.2	
IAC/Interactivecorp	Holding company for online properties	Cyclical	6,561	0.2	
Chewy Inc	Online pet supplies retailer	Stalwart	6,213	0.2	**96.7**
Ubisoft Entertainment	Game development platform	Rapid	6,169	0.2	
Brilliance China Automotive†	Manufacture and sale of minibuses and automotive components	Cyclical	5,636	0.2	
Chegg	Online educational platform	Rapid	5,512	0.2	
Silk Invest Africa Food Fund[u]	Africa focused private equity fund	Cyclical	4,958	0.2	
Space Exploration Technologies[u]	Space rockets and satellites	Rapid	4,711	0.2	
Teladoc	Healthcare services provider	Rapid	4,589	0.2	
Stripe[u]	Payments platform	Rapid	4,469	0.2	
Carvana	Online platform for buying used cars	Rapid	4,251	0.2	
Peloton Interactive	Interactive fitness platform	Rapid	4,011	0.1	
Tencent Music Entertainment	Online music streaming and social media	Rapid	3,649	0.1	**98.5**
Vimeo	All-in-one video software solution	Rapid	3,310	0.1	
Oatly	Oat-based alternatives to dairy products	Rapid	3,020	0.1	
KE Holdings	Chinese real estate portal	Rapid	1,507	0.1	
Naspers	Media and ecommerce company	Rapid	1,094	0.0	
Sberbank of Russia†	Russian commercial bank	Cyclical	–	0.0	
VK Company Limited†	Russian internet and communication services	Rapid	–	0.0	
Total Investments#			**2,662,015**	**98.8**	**98.8**
Net Liquid Assets#			31,975	1.2	
Total Assets#			**2,693,990**	**100.0**	**100.0**

[u] Denotes unlisted (private company) investment.
† Suspended investment.
# For a definition of terms used see Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

One Year Summary*

	30 April 2022	30 April 2021	% change
Total assets (before deduction of borrowings)	£2,694.0m	£3,344.8m	
Borrowings (at book value)	£214.8m	£139.8m	
Shareholders' funds	£2,479.2m	£3,205.0m	
Shareholders' funds per share (borrowings at book value)	1,089.1p	1,355.4p	(19.6)
Net asset value per ordinary share (borrowings at par)†	1,089.0p	1,355.3p	(19.6)
Net asset value per ordinary share (borrowings at fair value)†	1,099.8p	1,358.1p	(19.0)
Share price	1,051.0p	1,396.0p	(24.7)
FTSE World Index (in sterling terms)#			4.1
Revenue earnings per ordinary share	3.67p	3.42p	7.3
Dividends paid and payable in respect of the financial year	2.35p	2.00p	17.5
Ongoing charges†	0.40%	0.43%	
(Discount)/premium (over NAV with borrowings at par)†	(3.5%)	3.0%	
(Discount)/premium (over NAV with borrowings at fair value)†	(4.4%)	2.8%	
Active share†	87%	86%	

Year to 30 April	2022	2021
Total return performance%‡		
Net asset value (borrowings at par)†	(19.5)	54.7
Net asset value (borrowings at fair value)†	(18.9)	55.5
Share price†	(24.6)	53.1
FTSE World Index (in sterling terms)#	6.1	33.9

Year to 30 April	2022	2022	2021	2021
Year's high and low	**High**	**Low**	**High**	**Low**
Net asset value (borrowings at par)†	1,500.5p	1,050.2p	1,426.6p	861.1p
Net asset value (borrowings at fair value)†	1,500.7p	1,058.6p	1,424.6p	858.4p
Share price	1,472.0p	980.0p	1,484.0p	890.0p

During the year to 30 April 2022 the price at which the Company's share price traded relative to its net asset value (with borrowings at fair value†) ranged from a premium† of 4.0% to a discount† of 9.8% (year to 30 April 2021 – premium† of 7.0% to a discount† of 1.8%). The premium/(discount) graphs on page 1 and the following page do not reflect these extremes, being plotted on a monthly basis.

Year to 30 April	2022	2021
Net return per ordinary share		
Revenue	3.67p	3.42p
Capital	(268.58p)	469.83p
Total	**(264.91p)**	**473.25p**

* For a definition of terms used see Glossary of Terms and Alternative Performance Measures on pages 74 to 76.
† Alternative performance measure – see Glossary of Terms and Alternative Performance Measures on pages 74 to 76.
# The FTSE World Index (in sterling terms) is the principal index against which performance is measured.
‡ Source: Baillie Gifford/Refinitiv and relevant underlying index providers. See disclaimer on page 73.

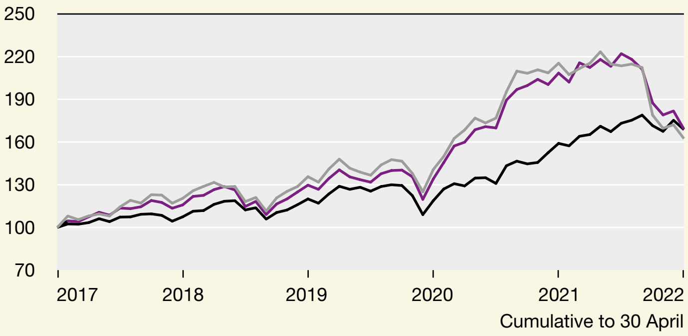
Past performance is not a guide to future performance.

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 2022.

5 Year Total Return Performance†

(figures rebased to 100 at 30 April 2017)



Source: Refinitiv and relevant underlying index providers#.

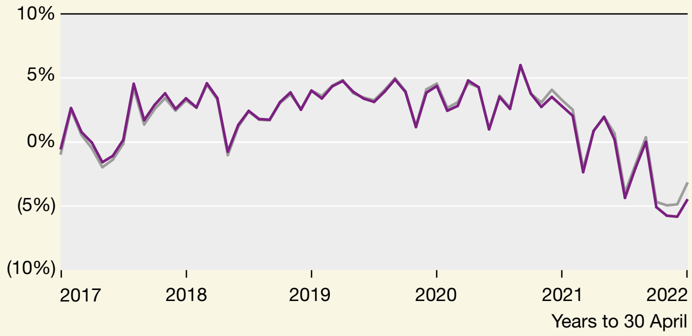
NAV total return†‡

Share price total return†

FTSE World Index* total return

Premium/(discount) to Net Asset Value†

(plotted on a monthly basis)

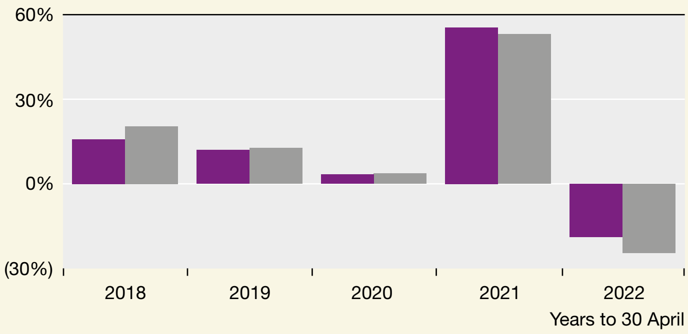


Source: Refinitiv/Baillie Gifford.

Monks premium/(discount) (after deducting borrowings at fair value)†

Monks premium/(discount) (after deducting borrowings at par)†

Annual Net Asset Value and Share Price Total Returns†



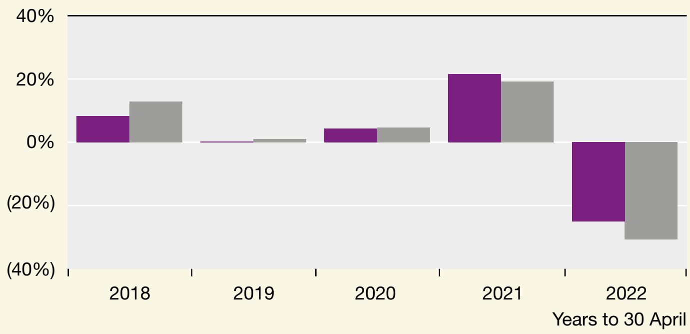
Source: Refinitiv/Baillie Gifford.

Dividends are reinvested.

NAV total return†‡

Share price total return†

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



Source: Refinitiv/Baillie Gifford and relevant underlying index providers#.

Dividends are reinvested.

NAV total return†‡

Share price total return†

Ten Year Summary*

Capital

At 30 April	Total assets * £'000	Borrowings £'000	Shareholders' funds * £'000	Shareholders' funds per share † p	NAV per share † (par) p	NAV per share † (fair) p	Share price p	Premium/* (discount) # (par) %	Premium/* (discount) # (fair) %
2012	1,149,366	159,647	989,719	386.4	386.3	382.8	338.5	(12.4)	(11.6)
2013	1,065,906	79,679	986,227	410.4	410.2	408.1	355.0	(13.5)	(13.0)
2014	1,012,608	39,712	972,896	426.9	426.8	425.2	370.0	(13.3)	(13.0)
2015	1,147,620	124,029	1,023,591	478.4	478.3	476.0	435.1	(9.0)	(8.6)
2016	1,096,804	85,855	1,010,949	472.5	472.4	470.1	425.3	(10.0)	(9.5)
2017	1,521,130	107,056	1,414,074	660.9	660.8	656.8	653.0	(1.2)	(0.6)
2018	1,759,541	103,007	1,656,534	762.9	762.8	759.0	785.0	2.9	3.4
2019	2,001,977	139,162	1,862,815	852.2	852.1	848.9	883.0	3.6	4.0
2020	2,107,386	143,762	1,963,624	878.4	878.3	875.6	914.0	4.1	4.4
2021	3,344,768	139,788	3,204,980	1,355.4	1,355.3	1,358.1	1,396.0	3.0	2.8
2022	**2,693,990**	**214,826**	**2,479,164**	**1,089.0**	**1,089.0**	**1,099.8**	**1,051.0**	**(3.5)**	**(4.4)**

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 ¶ %
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
2016	15,149	4,954	2.31	1.50	0.59
2017	17,593	5,043	2.36	1.25	0.59
2018	19,759	5,588	2.61	1.40	0.52
2019	23,268	7,186	3.30	1.85	0.50
2020	26,691	9,319	4.24	2.50	0.48
2021	22,529	7,801	3.42	2.00	0.43
2022	**27,811**	**8,644**	**3.67**	**2.35**	**0.40**

Gearing Ratios

Year to 30 April	Gearing # %	Potential gearing #§ %
2012	(7)	16
2013	1	8
2014	(1)	4
2015	7	12
2016	7	8
2017	7	8
2018	5	6
2019	6	7
2020	6	7
2021	1	4
2022	**7**	**9**

Cumulative Performance (taking 2012 as 100)

At 30 April	NAV per share (fair) *	NAV total return ^ (fair) *	Share price	Share price total * return ^	Comparative Index ^	Comparative Index total return ^	Revenue earnings per share	Dividend paid and proposed per share (net)	Retail price index ^
2012	100	100	100	100	100	100	100	100	100
2013	107	108	105	106	118	121	87	100	103
2014	111	113	109	112	123	130	91	100	105
2015	124	128	129	133	142	153	89	100	106
2016	123	127	126	131	139	154	43	38	108
2017	172	178	193	202	177	202	44	32	112
2018	198	206	232	243	186	217	49	35	115
2019	222	231	261	274	202	242	62	47	119
2020	229	239	270	284	196	239	79	63	121
2021	355	371	412	435	257	321	64	51	124
2022	**287**	**301**	**310**	**328**	**267**	**340**	**69**	**59**	**138**
Compound annual returns									
5 year	10.9%	11.1%	10.0%	10.2%	8.5%	11.0%	9.2%	13.5%	4.3%
10 year	11.1%	11.7%	12.0%	12.6%	10.3%	13.0%	(3.7%)	(5.1%)	3.3%

* For a definition of terms used see Glossary of Terms and Alternative Performance Measures on pages 74 to 76

† Shareholders' funds per share has been calculated after deducting borrowings at book value (see note 15 on page 57). Net asset value (NAV) per share has been calculated after deducting borrowings at either par value or fair value. See Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

Alternative Performance Measure. See Glossary of Terms and Alternative Performance Measures on pages 74 to 76

‡ 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 on page 53).

¶ Calculated as total operating costs divided by average net asset value (with debt at fair value) in accordance with AIC guidelines.

§ Total borrowings expressed as a percentage of shareholders' funds (see Glossary of Terms and Alternative Performance Measures on pages 74 to 76).

^ Source: Refinitiv and relevant underlying index providers. See disclaimer on page 73.

Past performance is not a guide to future performance.

Business Review

Business Model

Business and Status

The Monks Investment Trust PLC ('the Company') is a public company limited by shares and is incorporated in England and Wales with its registered office address c/o Computershare Investor Services PLC, Moor House, 120 London Wall, London EC2Y 5ET. 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 or issue shares. The price of the Company's 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 and the Investment Trust (Approved Company) (Tax) Regulations 2011.

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

Purpose

The Monks Investment Trust aims to deliver above average long-term returns for shareholders by keeping fees and costs low and harnessing the long-term growth potential of companies.

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 116 equity holdings. A portfolio review by the investment managers is given on pages 5 to 8 and the investments held at the year end are listed on pages 12 to 14.

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 investment 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.

Culture and Values

In the context of a company with no employees, culture and values are expressed by the Company's Directors and the service providers with whom shareholders and other stakeholders interact, and through the relationships between the Board and those service providers, including the Managers. As noted in more detail in the section 172 statement on pages 21 and 22 the Board seeks to engage with its Managers and other service providers in a collaborative and collegiate manner, and to maintain the highest standards of business conduct.

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 Board uses performance indicators (KPIs) to measure the progress and performance of the Company over time when discharging its duties as set out on page 28 and evaluating the Managers as noted on page 24. These KPIs 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 premium/discount; and
- ongoing charges.

An explanation of these measures can be found in the Glossary of Terms and Alternative Performance Measures on pages 74 to 76. The one, five and ten year records of the KPIs are shown on pages 15 to 17.

In addition to the above, the Board also has regard to the total return of the Company's principal comparative index (FTSE World Index in sterling terms) and considers the performance of comparable companies.

Borrowings

The Company's borrowings at 30 April 2022 comprised: £40 million 6⅜% debenture stock repayable in March 2023 (30 April 2021 – £40 million); £60 million 1.86% Series A Notes repayable in 2054 (30 April 2021 – £60 million); £40 million 1.77% Series B Notes repayable in 2045 (30 April 2021 – £40 million); and £75 million under the £150 million floating rate facility with National Australia Bank (30 April 2021 – nil). Further details of the Company's borrowings are set out in notes 11 and 12 on pages 55 and 56 and details of the Company's gearing levels are included in the Chairman's Statement on page 2 and the Ten Year Summary on page 17.

Principal and Emerging Risks

As explained on page 30 there is an ongoing process for identifying, evaluating and managing the risks faced by the Company on a regular basis. The Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. A description of these risks and how they are being managed or mitigated is set out below.

The Board considers the ongoing Covid-19 pandemic, geopolitical tensions arising from the Russian invasion of Ukraine, and the impact of Brexit to be factors which exacerbate existing risks, rather than discrete risks, within the context of an investment trust. Their impact is considered within the relevant risks.

Financial Risk – the Company's assets consist mainly of listed securities and its principal and emerging financial 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 is contained in note 19 to the Financial Statements on pages 58 to 63. The Board has, in particular, considered the impact of heightened market volatility during the Covid-19 pandemic and over recent months owing to macroeconomic and geopolitical concerns, including the Russia-Ukraine conflict. To mitigate these risks, the composition and diversification of the portfolio by geography, industry, growth category, holding size and thematic risk category are considered at each Board meeting along with sales and purchases of investments. Individual investments are discussed with the investment managers together with their general views on the various investment markets and sectors.
A strategy meeting is held annually.

Investment Strategy Risk – pursuing an investment strategy to fulfil the Company's objective which the market perceives to be unattractive or inappropriate, or the ineffective implementation of an attractive or appropriate strategy, may lead to reduced returns for shareholders and, as a result, a decreased demand for the Company's shares. This may lead to the Company's shares trading at a widening discount to their Net Asset Value. To mitigate this risk, the Board regularly reviews and monitors: the Company's objective and investment policy and strategy; the investment portfolio and its performance; the level of discount/premium to Net Asset Value at which the shares trade; and movements in the share register, and raises any matters of concern with the Managers.

Climate and Governance Risk – as investors place increased emphasis on Environmental, Social and Governance (ESG) issues, perceived problems on ESG matters in an investee company could lead to that company's shares being less attractive to investors, adversely affecting its share price, in addition to potential valuation issues arising from any direct impact of the failure to address the ESG weakness on the operations or management of the investee company (for example in the event of an industrial accident or spillage). Repeated failure by the Investment Manager to identify ESG weaknesses in investee companies could lead to the Company's own shares being less attractive to investors, adversely affecting its own share price. This is mitigated by the Manager's strong ESG stewardship and engagement policies, which have been endorsed by the Company, and which are fully integrated into the investment process, as well as the extensive up-front and ongoing due diligence which the Investment Manager undertakes on each investee company. This due diligence includes assessment of the risks inherent in climate change (see page 32).

Regulatory Risk – failure to comply with applicable legal and regulatory requirements such as the tax rules for investment trust companies, the FCA 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. To mitigate this risk, 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. Shareholder documents and announcements, including the Company's published Interim and Annual Report and Financial Statements, are subject to stringent review processes and procedures are in place to ensure adherence to the Transparency Directive and the Market Abuse Directive with reference to inside information.

Custody and Depositary Risk – safe custody of the Company's assets may be compromised through control failures by the Depositary, including breaches of cyber security. To mitigate this risk, the Board receives six-monthly reports from the Depositary confirming safe custody of the Company's assets held by the Custodian. Cash and portfolio holdings are independently reconciled to the Custodian's records by the Managers. The Custodian's assured internal controls reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns investigated.

Operational Risk – failure of Baillie Gifford's 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. To mitigate this risk, Baillie Gifford has a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption (including any disruption resulting from the Covid-19 pandemic) or major disaster. Baillie Gifford staff continued to work from home to maintain a business-as-usual service throughout the Covid-19 pandemic.

Following the removal of Covid-19 restrictions by the Scottish and UK governments, a hybrid model is now operating, with staff determining the most appropriate split between working from home and working in the office, which ensures ongoing resilience. 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. The other key third party service providers have not experienced significant operational difficulties affecting their respective services to the Company.

Discount Risk – the discount/premium at which the Company's shares trade relative to its Net Asset Value can change. The risk of a widening discount is that it may undermine investor confidence in the Company. To manage this risk, the Board monitors the level of discount/premium at which the shares trade and the Company has authority to buy back its existing shares when deemed by the Board to be in the best interests of the Company and its shareholders.

Political and Associated Economic Risk – political change in areas in which the Company invests or may invest may increasingly have practical consequences for the Company. To mitigate this risk, developments are closely monitored and considered by the Board. The Board has particular regard to repercussions from the Russian invasion of Ukraine, and ongoing tensions between the US and China, and monitors portfolio diversification by revenue stream as well as by investee companies' primary location, to mitigate against the negative impact of military action or trade barriers.

Leverage Risk – the Company may borrow money for investment purposes (sometimes known as 'gearing' or 'leverage'). 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. To mitigate this risk all borrowings require the prior approval of the Board and leverage levels are discussed by the Board and investment managers at every meeting. Covenant levels are monitored regularly. The majority of the Company's investments are in quoted securities that are readily realisable. Further information on leverage can be found on page 71 and in the Glossary of Terms and Alternative Performance measures on pages 74 to 76.

Emerging Risks – as explained on page 30 the Board has regular discussions on principal risks and uncertainties, including any risks which are not an immediate threat but could arise in the longer term. The Board considers that the key emerging risks arise from the interconnectedness of global economies and the related exposure of the investment portfolio to emerging threats such as the societal and financial implications of the escalation of the Russia-Ukraine military conflict, cyber risk, and new coronavirus variants or similar public health threats. These are mitigated by the Investment Manager's close links to the investee companies and their ability to ask questions on contingency plans. The Investment Manager believes the impact of such events may be to slow the pace of growth rather than to invalidate the investment rationale over the long term.

Viability Statement

Having regard to provision 31 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a three year period. The Directors believe, having taken into account a number of factors including the investment managers' investment horizon, this period to be appropriate as, in the absence of any adverse change to the regulatory environment and the favourable tax treatment afforded to UK investment trusts, it is a period over which they do not expect there to be any significant change to the current principal risks and to the adequacy of the mitigating controls in place. The Directors do not envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period.

In making this assessment the Directors have taken into account the Company's current position and have conducted a robust assessment of the Company's principal risks and uncertainties, including climate change (as detailed on pages 19 and 20), in particular the impact of market risk where a significant fall in global equity markets would adversely impact the value of the investment portfolio. The Directors have also considered the Company's investment objective and policy, the level of demand for the Company's shares, the nature of its assets, its liabilities and projected income and expenditure. The vast majority of the Company's investments are readily realisable and can be sold to meet its liabilities as they fall due, the main liabilities currently being the debenture stock repayable in 2023, revolving credit facility expiring in 2024, and loan notes repayable in 2045 and 2054. The Company's primary third party suppliers, including its Managers and Secretaries, Custodian and Depositary, Registrar, Auditor and Broker, are not experiencing significant operational difficulties affecting their respective services to the Company during this period of hybrid working as a result of the ongoing Covid-19 pandemic. In addition, as substantially all of the essential services required by the Company are outsourced to third party service providers, this allows key service providers to be replaced at relatively short notice where necessary. Specific leverage and liquidity stress testing was conducted during the year, including consideration of the risk of further market deterioration resulting from the Covid-19 pandemic and increasing geopolitical concerns. The stress testing did not indicate any matters of concern.

Based upon the Company's processes for monitoring operating costs, share price premium/discount, the Managers' compliance with the investment objective, the portfolio risk profile, leverage, counterparty exposure, liquidity risk and financial controls, the Board believes that the prospects of the Company are sound and the Directors are able to confirm that they have a reasonable expectation that it will continue in operation and meet its liabilities as they fall due over a period of three years.

Promoting the Success of the Company (Section 172 Statement)

Under section 172 of the Companies Act 2006, the directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters and to the extent applicable) to: a) the likely consequences of any decision in the long term, b) the interests of the company's employees, c) the need to foster the company's business relationships with suppliers, customers and others, d) the impact of the company's operations on the community and the environment, e) the desirability of the company maintaining a reputation for high standards of business conduct, and f) the need to act fairly as between members of the company.

In this context, having regard to Monks being an externally-managed investment company with no employees, the Board considers the Company's key stakeholders to be: its existing and potential new shareholders and debenture stockholders; its externally-appointed managers (Baillie Gifford); other professional service providers (corporate broker, registrar and depositary); lenders; wider society and the environment.

The Board considers that the interests of the Company's key stakeholders are aligned, in terms of wishing to see the Company deliver sustainable long-term growth, in line with the Company's stated objective and strategy, and meet the highest standards of legal, regulatory, and commercial conduct, with the differences between stakeholders being merely a matter of emphasis on those elements. The Board's methods for assessing the Company's progress in the context of its stakeholders' interests are set out below.

The Board places great importance on communication with shareholders. The Annual General Meeting provides the key forum for the Board and Managers to present to shareholders on the Company's performance, future plans and prospects. Under normal circumstances it also allows shareholders the opportunity to meet with the Board and Managers and raise questions and concerns. While the 2021 Annual General Meeting was closed, in response to rapidly rising infection rates associated with the Covid-19 Omicron variant, shareholder questions were invited and responded to by email, and a Managers' presentation was published on the Company's page of the Managers' website, in order to maintain shareholder communication despite the restrictions on physical gatherings. The Chairman is available to meet with shareholders as appropriate. The Managers meet regularly with shareholders and their representatives, reporting their views back to the Board. Directors also attend certain shareholder presentations, in order to gauge shareholder sentiment first hand. Shareholders may also communicate with members of the Board at any time by writing to them at the Company's registered office or to the Company's broker. These communication opportunities help inform the Board when considering how best to promote the success of the Company for the benefit of all shareholders over the long term.

The Board seeks to engage with its Managers and other service providers in a collaborative and collegiate manner, encouraging open and constructive discussion and debate, whilst also ensuring that appropriate and regular challenge is brought and evaluation conducted. This approach aims to enhance service levels and strengthen relationships with the Company's providers, with a view to ensuring the interests of the Company's shareholders and stockholders are best served by keeping cost levels proportionate and competitive, and by maintaining the highest standards of business conduct.

Whilst the Company's operations are limited, as third party service providers conduct all substantive operations, the Board is aware of the need to consider the impact of the Company's investment strategy and policy on wider society and the environment. The Board considers that its oversight of environmental, social and governance ('ESG') matters, including the impact of climate change, is an important part of its responsibility to all stakeholders and that proper consideration of ESG factors sits naturally with Monks' longstanding aim of providing a sustainable basis for adding value for shareholders. The Board's review of the Managers includes an assessment of their ESG approach and its application in making investment decisions. The Board supports the Managers' Long-term Perspective as set out in their Core Investment Beliefs on page 4 and regularly reviews Governance Engagement reports, which document the Managers' interactions with investee companies on ESG matters. The Company's Annual Stewardship Report is published on the Managers' website at **monksinvestmenttrust.co.uk**.

The Board recognises the importance of keeping the interests of the Company's shareholders, and of acting fairly between them, firmly front of mind in its key decision making. The Company Secretaries are at all times available to the Board to ensure that suitable consideration is given to the range of factors to which the Directors should have regard. In addition to ensuring that the Company's stated investment objective was being pursued, key decisions and actions during the year which required the Directors to have regard to applicable section 172 factors included:

— the decision to commence a recruitment process for a new Director, seeking to identify candidates that meet the Nomination Committee's objective of developing a diverse pipeline for Board succession;

— the renewal of the unsecured floating rate revolving facility with National Australia Bank Limited, and increase thereof from an available commitment of £100 million to £150 million, providing the Company with the ability to supplement its long-term fixed borrowings with short-term flexible borrowings, in order to respond rapidly to market conditions;

— the buying back of over £8.8 million of the Company's own shares into treasury for subsequent reissue, at a discount to net asset value, in order to ensure the Company's shareholders found liquidity for their shares when natural market demand was insufficient, and on terms that enhance NAV/share for remaining shareholders; and

— the decision to declare a dividend of 2.35p, building in headroom to allow for further buybacks in view of continuing market volatility, such that the total dividend paid will nevertheless exceed the minimum distribution permissible under investment trust regulations, balancing the careful preservation of the tax benefits of investment trust status with the ambition to retain funds for reinvestment, consistent with Monks' growth focus and its shareholders' priorities.

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, there are no disclosures to be made in respect of employees, human rights and community issues.

Gender Representation

The Board currently comprises five Directors, three male and two female and complies with the Hampton Alexander target of 33% female membership and the FTSE Women Leaders target of 40%. Given the small size of the Board, however, and ambitions for further recruitment, while the Board will aim to meet target diversity criteria over the long term, there may be points at which it does not. The Company has no employees. The Board's policy on diversity is set out on page 28.

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 31.

The Company considers that it does not fall within the scope of the Modern Slavery Act 2015 and it is not, therefore, obliged to make a slavery and human trafficking statement. In any event, the Company considers its supply chains to be of low risk as its suppliers are typically professional advisers. A statement by the Managers under the Act has been published on the Managers' website at **bailliegifford.com**.

Future Developments of the Company

The outlook for the Company is dependent to a significant degree on economic events and the financial markets. Potential threats are discussed in the Principal Risks analysis on pages 19 and 20 and factors which the Board consider to indicate the Company's positive prospects and financial health are discussed in the Viability Statement on page 20. Further comments on the outlook for the Company and its investment portfolio are set out in the Chairman's Statement on pages 2 and 3 and the Managers' Report on pages 5 to 8.

The Strategic Report which includes pages 2 to 22 was approved by the Board of Directors and signed on its behalf on 20 June 2022.

KS Sternberg
Chairman

Directors and Management

Directors

KS Sternberg

Karl Sternberg was appointed a Director in 2013 and became Chairman in 2020. 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 a director of JPMorgan Elect Plc, Herald Investment Trust plc, Jupiter Fund Management plc and Clipstone Logistics REIT plc.

CM Boyle

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

BJ Richards

Belinda Richards was appointed a Director in 2016. She is a former senior partner at Deloitte LLP with a thirty year career specialising in business operations and strategy development with a particular focus on the Financial Services and Consumer Products sectors. She is currently the chair of the audit committee of Schroder Japan Growth Fund plc and Avast plc and a non-executive director of Phoenix Group Holdings. In addition, she is a trustee of the Youth Sport Trust.

Professor Sir Nigel Shadbolt

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

JJ Tigue

Jeremy Tigue was appointed a Director in 2014. He became Chairman of the Audit Committee in 2015 and Senior Independent Director in 2019. Mr Tigue was the fund manager of Foreign & Colonial Investment Trust PLC from 1997 to June 2014. He is a director of Aberdeen Standard Equity Income Trust PLC and was a director of The Mercantile Investment Trust plc. He was a director of the Association of Investment Companies from 2003 to 2013.

All of the Directors are members of the Management Engagement Committee and the Remuneration Committee, and all are members of the Audit Committee with the exception of Mr KS Sternberg.

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 manages thirteen closed-ended investment companies. Baillie Gifford also manages 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 £230 billion. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 51 partners and a staff of around 1,700.

The Monks investment managers are Spencer Adair and Malcolm MacColl. Spencer and Malcolm are both partners at Baillie Gifford and have been working together since 2005. Malcolm 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 2022.

Corporate Governance

The Corporate Governance Report is set out on pages 28 to 32 and forms part of this Report.

Managers and Company Secretaries

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed as the Company's Alternative Investment Fund Manager ('AIFM') and Company Secretaries. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. Dealing activity and transaction reporting have been further sub-delegated to Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited.

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 is 0.45% on the first £750 million of total assets, 0.33% on the next £1 billion of total assets and 0.30% on the remaining total assets (see note 3 on page 51 for more details).

The Board considers the Company's investment management and secretarial arrangements on an ongoing basis and a formal review is conducted by the Management Engagement Committee annually. The Committee considered, amongst others, the following topics in its review: the quality of the personnel assigned to handle the Company's affairs; the investment process and the results achieved to date; investment performance; the administrative services provided by the Secretaries and the quality of information provided; the marketing efforts undertaken by the Managers; the relationship with the Managers; and, comparative peer group charges and fees. Following the most recent review, the Management Engagement Committee concluded that the continuing appointment of Baillie Gifford & Co Limited as AIFM and the delegation of investment management services to Baillie Gifford & Co and the further sub-delegation of dealing activity and transaction reporting to Baillie Gifford Overseas Limited, on the terms agreed, is in the interests of shareholders as a whole. This was subsequently approved by the Board.

Depositary

The Bank of New York Mellon (International) Limited has been appointed as the Company's Depository in accordance with the requirements of the UK Alternative Investment Fund Managers (AIFM) Regulations.

The Company's Depositary also acts as the Company's Custodian. 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.

Directors

Information about the Directors who were in office at the year end and up to the date the Financial Statements were signed, including their relevant experience, can be found on page 23.

All Directors will retire at the Annual General Meeting and all offer themselves for re-election. Following formal performance evaluation, conducted internally by way of questionnaire and interview, the Chairman confirms that the Board considers that the Directors' 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 qualifying third party deeds of indemnity in favour of each of its Directors. The deeds, which were in force during the year to 30 April 2022 and up to the date of approval of this report, 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 2.35p per ordinary share for the year. If approved, the recommended final dividend on the ordinary shares will be paid on 9 September 2022 to shareholders on the register at the close of business on 29 July 2022. The ex-dividend date is 28 July 2022. The Company's Registrar offers a Dividend Reinvestment Plan (see page 71) and the final date for elections for this dividend is 18 August 2022.

Share Capital

Capital Structure

The Company's capital structure consists of 236,453,859 ordinary shares of 5p each as at 30 April 2022, comprising 227,645,309 shares in issue and 8,808,550 shares held in treasury. 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. Shares held in treasury are not entitled to dividends.

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 pages 66 to 68.

Major Interests in the Company's Shares

The Company has not received any notifications of major interests in the voting rights of the Company as at 30 April 2022. There have been no notifications of major interests in the Company's shares intimated up to 16 June 2022.

Annual General Meeting

Issuance of Shares

At the last Annual General Meeting, the Directors were granted shareholders' approval for a general authority to allot shares and also an authority to issue shares or sell shares held in treasury on a non pre-emptive basis (without first offering such shares to existing shareholders pro-rata to their existing holdings up to a maximum nominal amount of £1,182,269.25). During the year to 30 April 2022 the Company issued no shares. Between 1 May and 16 June 2022, the Company issued no shares.

Both authorities expire at the forthcoming Annual General Meeting and the Directors are seeking shareholders' approval to renew them for a further year, as detailed below.

Resolution 11 in the Notice of Annual General Meeting seeks a general authority for the Directors to allot shares up to an aggregate nominal amount of £1,124,037.90. This amount represents 10% of the Company's total ordinary share capital in issue at 16 June 2022 and meets institutional guidelines. This authority will continue until the conclusion of the Annual General Meeting to be held in 2023 or on the expiry of 15 months from the passing of the resolutions, if earlier.

Resolution 12, which is proposed as a special resolution, seeks authority for the Directors to issue shares or sell shares held in treasury on a non pre-emptive basis for cash up to an aggregate nominal amount of £1,124,037.90 (representing 10% of the issued ordinary share capital of the Company as at 16 June 2022). This authority will only be used to issue shares or sell shares from treasury at a premium to net asset value on the basis of debt valued at par value and only when the Directors believe that it would be in the best interests of the Company to do so. This authority will continue until the conclusion of the Annual General Meeting to be held in 2023 or on the expiry of 15 months from the passing of the resolutions, if earlier.

Purchase of Own Shares

At the last Annual General Meeting the Company was granted authority to purchase up to 35,444,433 ordinary shares (equivalent to approximately 14.99% of its issued share capital), such authority to expire at the Annual General Meeting in respect of the year ended 30 April 2022. During the year to 30 April 2022 the Company bought back a total of 8,808,550 shares, representing 3.7% of the issued share capital at 30 April 2021, at a discount to net asset value, on 42 separate occasions at an average price of 1,105.75 pence per share and a total cost of £97,887,000. These shares are held in treasury for reissue. No shares were sold from treasury during the year, therefore 8,808,550 shares were held in treasury at 30 April 2022. In the period 1 May 2022 to 16 June 2022, a further 2,837,722 shares were bought back. At 16 June 2022 11,646,272 shares were held in treasury. 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 Company may hold bought-back shares 'in treasury' and then:

(i) sell such shares (or any of them) for cash (or its equivalent under the Companies Act 2006); or

(ii) cancel the shares (or any of them).

Shares will only be sold from treasury at a premium to net asset value.

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 ended 30 April 2023.

In accordance with the Listing Rules, 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 for a share 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 13 in the Notice of Annual General Meeting on page 66. 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.

Adoption of New Articles of Association

Resolution 14, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association (the 'Existing Articles'). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted, and principally include:

(i) provisions enabling the Company to hold wholly virtual shareholder meetings using electronic means (as well as physical shareholder meetings and hybrid meetings);

(ii) amendments in response to the requirements of the Alternative Investment Fund Managers Directive (2011/61/EU) as incorporated into UK law by the European Union (Withdrawal) Act 2018;

(iii) amendments in response to the introduction of international tax regimes (notably FATCA and the Common Reporting Standard) requiring the exchange of information with tax authorities;

(iv) increase in the cap on Directors fees to £400,000 to allow for recruitment and potential overlap as they allow possibly less experienced Directors time to bed in on the Board before others stand down;

(v) provisions which enable the Company to hold shareholder meetings across two (or more) physical locations in the event that all shareholders cannot be accommodated in a single physical location on the day of a meeting;

(vi) provisions which enable the Company to postpone a shareholder meeting where the Board considers that it would be impractical or undesirable to hold the meeting on the date which was originally notified to shareholders;

(vii) expanding the circumstances under which the chair of a shareholder meeting may adjourn the meeting without the consent of the meeting, including where the health, safety or wellbeing of those entitled to attend would be put at risk by their attendance at the meeting;

(viii) provisions which require all Directors to retire at each AGM (and, if they wish, to offer themselves for re-election) in line with the recommended corporate governance regime in the UK, and provisions dealing with the potential situation whereby no Directors are re-elected at an AGM;

(ix) updating the provisions regarding the payment of dividends to include the use of any approved funds transfer system and to enable the Company to specify which payment method(s) will be used by the Company in respect of any dividend;

(x) provisions which clarify that the Company may establish a capital reserve and that, subject to the provisions of the Companies Act 2006, capital profits standing to the credit of the capital reserve may be used to finance the payment of dividends and share buybacks;

(xi) updating the provisions regarding the service of notices and other information on shareholders to reflect the various methods permitted under UK company law;

(xii) removal of historic provisions relating to stocks and warrants; and

(xiii) simplifying the procedure in respect of untraced shareholders by removing the requirement for the Company to publish newspaper advertisements.

A summary of the principal amendments being introduced in the New Articles is set out in the appendix to the AGM Notice (on pages 68 and 69 of this document). Other amendments, which are of a minor, technical or clarifying nature, have not been summarised in the appendix.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding a virtual-only meeting. These provisions will only be used where the Directors consider it is in the best of interests of shareholders for hybrid or virtual-only meetings to be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

The full terms of the proposed amendments to the Company's Articles of Association are available at the offices of Dickson Minto W.S., Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW between the hours of 9.00am and 5.00pm (Saturdays, Sundays and public holidays excepted) from the date of the AGM Notice, and a copy of the New Articles, together with a copy showing all of the proposed changes to the Existing Articles, will be available for inspection on the Company's website, **monksinvestmenttrust.co.uk** from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

Articles of Association

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

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances, borrowings and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 19 to the Financial Statements.

Disclosure of Information to Auditor

The Directors confirm that so far as each of the Directors is aware there is no relevant audit information of which the Company's Auditor is 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 Auditor is aware of that information.

Post Balance Sheet Events

Subsequent to the 30 April 2022 year end, the net asset value per share with debt at fair value fell by 11.1% to 977.8p (as at 16 June 2022) as markets reacted to macroeconomic and geopolitical concerns.

Independent Auditor

The Auditor, Ernst & Young LLP, is willing to continue in office and, in accordance with section 489 and section 491(1) of the Companies Act 2006, resolutions concerning Ernst & Young LLP's reappointment and remuneration will be submitted to the Annual General Meeting.

Greenhouse Gas Emissions and Streamlined Energy & Carbon Reporting ('SECR')

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. For the same reasons as set out above, the Company considers itself to be a low energy user under the SECR regulations and therefore, is not required to disclose energy and carbon information.

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.

Criminal Finances Act 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

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.

On behalf of the Board
KS Sternberg
Chairman
20 June 2022

Corporate Governance Report

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the 2018 UK Corporate Governance Code (the 'Code') which can be found at **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 **theaic.co.uk**.

Compliance

The FRC has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code (the AIC Code can be found at **theaic.co.uk**). The Company has complied throughout the year under review with the relevant provisions of the Code and the recommendations of the AIC Code. The Code includes provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function. Given that the Company is an externally-managed investment trust, the Board considers these provisions to be inapplicable to the Company. The need for an internal audit function specific to the Company is addressed on page 33.

The Board

The Board has overall responsibility for the Company's affairs, including the determination and embodiment of its culture and values. 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 five 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 (SID) is Mr JJ Tigue, and, as such, he is available to shareholders as an alternative to the Chairman if they have concerns. The SID leads the Chairman's performance appraisal and chairs the Nomination Committee when it considers the Chairman's succession.

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 23.

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

Diversity Policy

Appointments to the Board are made on merit with due regard for the benefits of diversity, including gender, social and ethnic backgrounds, cognitive and personal strengths. 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.

Appointments to the Board

Following the Nomination Committee's annual review of the Board's composition and bearing in mind the Board's ambition to develop a diverse pipeline for succession, the Committee determined that a search should commence, in order to identify a candidate with the requisite skills and experience and with particular regard to the recommendations of the Parker Review. Odgers Berndtson have been appointed to search for a new Director.

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.

Policy on Chairman's Tenure

The Board considers that the tenure of the Chair should be determined principally by the Board's role in providing strategic leadership, governance, challenge and support to the Managers, whilst balancing the importance of independence, refreshment and diversity with retention of the corporate memory. It firmly believes that an appropriate combination of these factors is essential for an effective Board. This, at times, will naturally result in some longer serving directors, including the Chair. The Nomination Committee of the Board considers long term succession planning for this role as part of its broader remit to ensure an appropriate level of refreshment and diversity on the Board. It does not believe the imposition of hard time limits to be helpful in respect of this role, any more than for the tenure of Directors overall.

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 core Board and Committee meetings held during the year, excluding ancillary and sub-committee meetings. The Annual General Meeting was attended by all the Directors.

Directors' Attendance at Meetings

	Board	Audit Committee	Management Engagement Committee	Nomination Committee
Number of meetings	**4**	**2**	**1**	**1**
CM Boyle	4	2	1	1
BJ Richards	4	2	1	1
Professor Sir Nigel Shadbolt	4	2	1	1
KS Sternberg	4	2*	1	1
JJ Tigue	4	2	1	1

* Mr KS Sternberg is not a member of the Audit Committee but attends by invitation.

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 JJ Tigue, 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 its Committees. Following this process it was concluded that the performance of each Director, the Chairman, the Board and its Committees continues to be effective and that each Director and the Chairman remain committed to the Company. For its appraisal during 2021, the Board secured the services of Lintstock, an independent corporate advisor which has no other relationship with the Company or its Directors, in accordance with the requirement for FTSE 350 companies to have Board evaluations externally facilitated every three years. External facilitation will next be considered for Board evaluations in 2024.

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.

Induction and Training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. During the year briefings on industry and regulatory matters were provided to the Board by the Managers and Secretaries. Directors receive other relevant training as necessary.

Management Engagement Committee

The role of the Management Engagement Committee is to ensure that the Manager remains suitable to manage the portfolio, that the management contract is competitive and reasonable for the shareholders, and that the Company maintains appropriate administrative and company secretarial support. All Directors are members of the Management Engagement Committee, which is chaired by the Chairman of the Board. The Board considers each member of the Committee to be independent. To discharge its duties, the Committee met on one occasion during the year to consider: the performance and suitability of the Manager; the terms and conditions of the AIFM Agreement, including fees; and the Committee's Terms of Reference. The Committee's Terms of Reference are available on request from the Company and on the Company's page of the Managers' website: **monksinvestmenttrust.co.uk**.

Nomination Committee

The Nomination Committee consists of all the Directors and Karl Sternberg is the Chairman of the Committee. The Committee meets on an annual basis and at such other times as may be required. The Committee has written terms of reference which include reviewing the composition of the Board, identifying and nominating new candidates for appointment to the Board, Board appraisal, succession planning and training. The Committee also considers whether Directors should be recommended for re-election by shareholders. The Committee's Terms of Reference are available on request from the Company and on the Company's page of the Managers' website: **monksinvestmenttrust.co.uk**.

Remuneration

As the Board considers all its members to be independent, and all the Directors are non-executive, the Board does not consider it necessary to form 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 35 and 36.

Audit Committee

The report of the Audit Committee is set out on pages 33 and 34.

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 FRC guidance 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

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 the controls managed by the AIFM in accordance with the UK Alternative Investment Fund Managers Regulations (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 – Assurance Reports on Controls at a Service Organization. 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, which accord with the FRC 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', 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.

To comply with the UK Alternative Investment Fund Managers Regulations, The Bank of New York Mellon (International) Limited acts as the Company's Depositary and Baillie Gifford & Co Limited acts as its AIFM.

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 Company's Depositary also acts as the Company's Custodian. The Custodian prepares reports on its key controls and safeguards which are independently reviewed by its appointed auditors, KPMG LLP. The reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns are investigated.

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 71), are monitored and the sensitivity of the portfolio to key risks is reviewed periodically as appropriate to ascertain the impact of changes in key variables in the portfolio. Exceptions from limits monitoring and stress testing undertaken by Baillie Gifford's Business Risk Department are escalated to the AIFM and reported to the Board along with remedial measures being taken. No exceptions occurred during the year.

Going Concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, including its Covid-19 guidance, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern and specifically in the context of the Covid-19 pandemic.

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 on pages 19 and 20 and in note 19 to the Financial Statements. The Board has, in particular, considered the impact of heightened market volatility during the Covid-19 pandemic and, over recent months, owing to macroeconomic and geopolitical concerns, including the Russia-Ukraine conflict, but does not believe the Company's going concern status is affected.

The Company's assets, the majority of which are investments in quoted securities which are readily realisable (Level 1), exceed its liabilities significantly and could be sold to repay borrowings if required. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. During the year, the Company secured a £150 million three year flexible facility with National Australia Bank Limited ('NAB') to replace the £100 million NAB facility expiring 30 November 2021 and the up to £50 million Scotiabank (Ireland) facility expiring 13 March 2022. The Board is considering the best form of borrowings to replace the Company's £40 million debenture stock maturing on 1 March 2023, but is confident that appropriate financing will be secured. In the meantime, the £150 million NAB facility has £75 million commitment still undrawn. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) Regulations 2011. The Company's primary third party suppliers, including its Managers and Secretaries, Custodian and Depositary, Registrar, Auditor and Broker, have not experienced significant operational difficulties affecting their respective services to the Company, as a result of the Covid-19 pandemic. Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters including the impact of the Covid-19 pandemic set out in the Viability Statement on page 20, which assesses the prospects of the Company over a period of three years, that the Company will continue in operational existence for the period to 31 July 2023, which is for a period of at least twelve months from the date of approval of these Financial Statements.

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, Investec Bank plc (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 **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 **monksinvestmenttrust.co.uk**.

Corporate Governance and Stewardship

The Board 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 Board believes that it is in the shareholders' interests to consider environmental, social and governance (ESG) factors when selecting and retaining investments and has 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. A positive engagement approach is employed 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 **bailliegifford.com**. The Managers' policy has been reviewed and endorsed by the Board. In addition, the Monks Stewardship Report, which outlines the Managers' approach to engagement and provides examples, is prepared annually, and is available on the Company's page of the Managers' website at **monksinvestmenttrust.co.uk**.

Climate Change

The Board recognises that climate change poses a serious threat to our environment, our society and to economies and companies around the globe. Addressing the underlying causes is likely to result in companies that are high emitters of carbon facing greater societal and regulatory scrutiny and higher costs to account for the true environmental impact of their activities.

The Managers have engaged an external provider to map the carbon footprint of the equity portfolio, using the information to prioritise engagement and understand what higher emitting companies are doing to manage climate risk better. The carbon intensity of The Monks Investment Trust's portfolio is 25% higher than the Company's benchmark (FTSE World Index). This analysis estimate is based on 90% of the value of the Company's equity portfolio which reports on carbon emissions and other carbon-related characteristics. The Managers are liaising with the external provider to understand a recent change in its methodology, which has altered the data provided on the Monks portfolio, worsening its reported relative position at 30 April 2022 when compared to similar data previously provided. The outcome of that discussion will inform the Managers' future portfolio analysis.

Baillie Gifford's Task Force on Climate-Related Financial Disclosures ('TCFD') Climate Report is available on the Managers' website at **bailliegifford.com**. Baillie Gifford will provide a TCFD climate report for Monks which is expected to be available during 2023.

The Managers have considered the Sustainable Finance Disclosures Regulation ('SFDR') and further details can be found on page 72.

The Managers are signatories to the United Nations Principles for Responsible Investment, the Carbon Disclosure Project, the Net Zero Asset Managers initiative, and are also members of the Asian Corporate Governance Association and the International Corporate Governance Network.

On behalf of the Board
KS Sternberg
Chairman
20 June 2022

Audit Committee Report

The Audit Committee consists of Ms CM Boyle, Ms BJ Richards, Professor Sir Nigel Shadbolt and Mr JJ Tigue, who is the Chairman of the Committee. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. 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 **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 Auditor without any representative of the Managers being present.

Main Activities of the Committee

The Committee met twice during the year and the external Auditor, Ernst & Young LLP, attended one of those meetings and held separate meetings with the Audit Committee Chair in advance of both Committee 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. In addition, the external Auditor met with the Audit Committee Chair on an ad-hoc basis to discuss matters pertinent to the Committee as they arose.

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

- the results announcement and the Annual and Interim Reports;
- the Company's accounting policies and practices and the implementation of the Managers' valuation policy for investments in unquoted companies;
- the regulatory changes impacting the Company;
- the fairness, balance and understandability of the Annual Report and Financial Statements 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 terms of engagement of the external Auditor;
- whether the audit services contract should be put out to tender;
- the policy on the engagement of the external Auditor to supply non-audit services;
- the independence and objectivity of the external Auditor and effectiveness of the external audit process;
- 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 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 98.8% of total assets, and the accuracy and completeness of income from investments.

The majority of the investments are in listed 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 the reconciliation of investment holdings to third party data.

The value of all the listed investments as at 30 April 2022 was agreed to external price sources. The Committee considered the Managers' proposed valuation of all unquoted and suspended investments at 30 April 2022, which are determined using valuation techniques based upon net asset values, comparable company multiples and performance, achievement of company milestones and other information as appropriate, and assessed the appropriateness of the judgements and assumptions used in valuing such investments. The Managers agreed the portfolio holdings to confirmations from the Company's Custodian.

The Committee reviewed the Managers' Report on Internal Controls which details the controls in place regarding completeness and accurate recording of investment income. The accounting treatment of each special dividend received or receivable during the year was reviewed by the Managers.

The Committee considered the factors, including the impact of Covid-19, that might affect the Company's viability over a period of three years and its ability to continue as a going concern for the period to 31 July 2023, together with reports from the Managers on the cash position and cash flow projections of the Company, the liquidity of its investment portfolio, compliance with debt covenants, availability of borrowing facilities, and the Company's ability to meet its obligations as they fall due. The Committee also reviewed the Viability Statement on page 20 and statement on Going Concern on page 31 including the potential impact of Covid-19. Following this assessment, the Committee recommended to the Board the appropriateness of the Going Concern basis in preparing the Financial Statements and confirmed the accuracy of the Viability Statement and statement on Going Concern.

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 and that the Financial Statements are in accordance with applicable law and accounting standards.

Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on page 30. No significant weaknesses were identified in the year under review.

External Auditor

To fulfil its responsibility regarding the independence and objectivity of the external Auditor, the Committee reviewed the Auditor's audit plan, which includes a description of the Auditor's arrangements to manage independence, a report from the Auditor on the conclusion of the audit setting out why the Auditor remains independent and the extent and nature of non-audit services provided by the Auditor. Non-audit fees incurred by the Company for the year to 30 April 2022 amount to £1,500 (2021 – £1,250) and related to the certification of financial information to the debenture trustee.

The Committee has reviewed and approved the non-audit services provided by the Auditor during the year and does not believe that they have impaired the Auditor's independence as the amount involved is immaterial.

To assess the effectiveness of the Auditor and the external audit process, the Committee reviewed and considered the audit plan, the fulfilment by the Auditor of the agreed audit plan, a report from the Auditor on the conclusion of the audit, feedback from the Secretaries on the performance of the audit team and the Audit Quality Inspection Report on Ernst & Young LLP issued by the FRC's Audit Quality Review Team (AQRT).

Following a competitive tender process, Ernst & Young LLP was appointed as the Company's Auditor at the Annual General Meeting held on 2 August 2017, with Caroline Mercer as the lead audit partner. The audit partners responsible for the audit are to be 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. This is Caroline Mercer's fifth and final year as lead audit partner for the Company's audit. A successor to Caroline Mercer has been proposed, and will lead next year's audit subject to the Audit Committee's approval.

Ernst & Young LLP has confirmed that it believes it is 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 Auditor remains independent and effective for the purposes of this year's audit and, as such, has not considered it necessary to put the audit services contract out to tender. In accordance with regulations in relation to the statutory audits of listed companies, the Company is required to put the audit out to tender for the 2028 year end.

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

Regulatory Compliance

The Committee confirms that the Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, which relates to the frequency and governance of tenders for the appointment of the external auditor and the setting of policy on the provision of non-audit services.

Accountability and Audit

The respective responsibilities of the Directors and the Auditor in connection with the Financial Statements are set out on pages 37 to 43.

On behalf of the Board
JJ Tigue
Chairman of the Audit Committee
20 June 2022

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 by shareholders at the Annual General Meeting held in September 2020, 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 2022 the Chairman's Fee and Directors' Fees should each increase by £1,500 per annum with no change to the increment for the Audit Chair or Senior Independent Director. The fee levels were last increased on 1 May 2021.

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, provide 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.

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. There is no notice period and no compensation is payable on loss of office.

Limits on Directors' Remuneration

The fees for the non-executive Directors are payable monthly in arrears and are determined within the limit set out in the Company's Articles of Association, which is currently £300,000 in aggregate. Any change to this limit requires shareholder approval. It is proposed that this limit be increased to £400,000 per annum in aggregate, to allow headroom for recruitment and refreshment including service overlap, and a resolution will be put to shareholders at the forthcoming Annual General Meeting in conjunction with the wider refreshment of the Articles.

The fees paid to Directors in respect of the year ended 30 April 2022 and the expected fees payable in respect of the year ending 30 April 2023 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 2023 £	Fees as at 30 Apr 2022 £
Chairman's fee	47,500	46,000
Non-executive Director fee	32,500	31,000
Additional fee for Chairman of the Audit Committee*	6,000	6,000
Additional fee for the Senior Independent Director*	3,000	3,000

* The Audit Chair performs additional responsibilities as noted in the Audit Committee Report on pages 33 and 34. The Senior Independent Director ('SID') performs additional responsibilities as noted on page 28.

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 Auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's Report on pages 38 to 43.

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	2022 Fees £	2022 Taxable benefits † £	2022 Total £	2021 Fees £	2021 Taxable benefits † £	2021 Total £
CM Boyle	31,000	165	31,165	30,000	–	**30,000**
JGD Ferguson (retired 1 September 2020)	–	–	–	14,836	196	**15,032**
EM Harley (retired 16 March 2021)	–	–	–	26,685	–	**26,685**
BJ Richards	31,000	–	31,000	30,000	–	**30,000**
Professor Sir Nigel Shadbolt	31,000	–	31,000	30,000	–	**30,000**
KS Sternberg (Chair from 1 September 2020)	46,000	–	46,000	39,333	–	**39,333**
JJ Tigue (Audit Committee Chair)	40,000	–	40,000	35,000	–	**35,000**
	179,000	**165**	**179,165**	**205,854**	**196**	**206,050**

† Comprises expenses incurred by Directors in the course of travel to attend Board and Committee meetings held at the offices of Baillie Gifford & Co Limited, the Company's Secretaries. These amounts have been grossed up for income tax.

Annual Percentage Change in Remuneration

This represents the annual percentage change in the total remuneration paid to the Directors.

Name	% change from 2021 to 2022	% change from 2020 to 2021
CM Boyle (appointed 1 May 2020)	3.9	–
JGD Ferguson (retired 1 September 2020)	–	(65.8)*
EM Harley (retired 16 March 2021)	–	(8.0)*
BJ Richards	3.3	3.4
Professor Sir Nigel Shadbolt	3.3	3.4
KS Sternberg (Chair from 1 September 2020)	17.0	35.6*
JJ Tigue (Audit Committee Chair and SID)	14.3	4.5

* These percentage movements reflect the Directors' retirement/appointments in the period.

Directors' Interests (audited)

The Directors at the year end, and their interests (including those of connected persons) in the Company are as shown in the following table. There have been no changes intimated in the Directors' interests up to 16 June 2022.

Name	Nature of interest	Ordinary 5p shares held at 30 April 2022	Ordinary 5p shares held at 30 April 2021
CM Boyle	Beneficial	–	–
BJ Richards	Beneficial	11,397	11,397
Professor Sir Nigel Shadbolt	Beneficial	–	–
KS Sternberg	Beneficial	19,189	18,189
JJ Tigue	Beneficial	41,231	41,176

Statement of Voting at Annual General Meeting

At the last Annual General Meeting, of the proxy votes received in respect of the Directors' Remuneration Report, 99.8% were in favour, 0.1% were against and votes withheld were 0.1%. At the last Annual General Meeting at which the Directors' Remuneration Policy was considered (September 2020) 99.8% of the proxy votes received were in favour, 0.1% were against and 0.1% were withheld.

Relative Importance of Spend on Pay

The table below shows the actual expenditure during the year in respect of Directors' remuneration and distributions to shareholders by way of dividends.

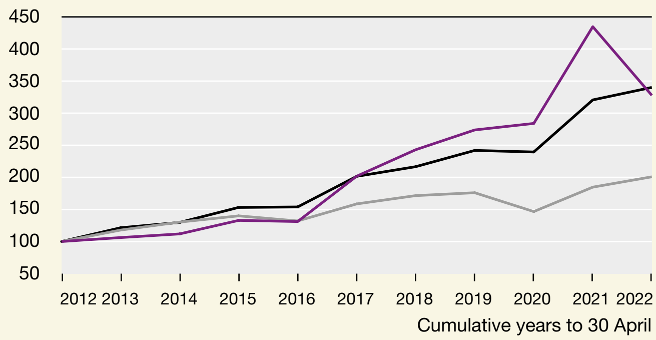
	2022 £'000	2021 £'000	Change %
Directors' remuneration	179	206	(13.1)
Dividends paid to shareholders	5,350	4,729	13.1

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 2012)



Source: Refinitiv/Baillie Gifford and relevant underlying index providers#.

Past performance is not a guide to future performance.

All figures are total returns (see Glossary of Terms and Alternative Performance Measures on pages 74 to 76).

See disclaimer on page 73.

Approval

The Directors' Remuneration Report on pages 35 and 36 was approved by the Board of Directors and signed on its behalf on 20 June 2022.

KS Sternberg
Chairman

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

The Directors are responsible for preparing the Annual 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 they have elected to prepare the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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;

— assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; 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 laws and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, a Directors' Remuneration Report and a 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 of the Managers' website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions. The work carried out by the Auditor does not involve any consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

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) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', 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.

On behalf of the Board
KS Sternberg
Chairman
20 June 2022

Independent Auditor's Report To the Members of The Monks Investment Trust PLC

Opinion

We have audited the financial statements of The Monks Investment Trust PLC (the 'Company') for the year ended 30 April 2022 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

— give a true and fair view of the Company's affairs as at 30 April 2022 and of its loss 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

— We confirmed our understanding of the Company's going concern assessment process and discussed with the Directors and the Company Secretary those factors they considered important in their assessment. We considered whether the factors taken account of in the Directors' assessment addressed those matters which we considered important.

— We inspected the Directors' assessment of going concern, including the cash flow forecast, for the period to 31 July 2023 which is at least twelve months from the date the financial statements were authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.

— We reviewed the factors and assumptions, including the impact of the COVID-19 pandemic and other significant events that could give rise to market volatility. We also reviewed and challenged the reverse stress testing performed and assessed the indicative impact on the Company's net asset value. We considered the appropriateness of the methods used to be able to make an assessment for the Company.

— In relation to the Company's borrowing arrangements, we assessed the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We calculated the Company's compliance with debt covenants and performed reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants.

— We considered the mitigating factors included in the cash flow forecasts and covenant calculations that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements should revenue decline significantly.

— We reviewed the Company's going concern disclosures included in the annual report in order to assess that the disclosures were consistent with the financial statements and our understanding of the Company and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 31 July 2023.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of Our Audit Approach

Key audit matters	Risk of incorrect valuation and ownership of the listed and unquoted investments. Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital in the Income Statement.
Materiality	Overall materiality of £24.79m which represents 1% of shareholders' funds.

An Overview of the Scope of Our Audit

Tailoring the Scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team which included our valuation specialists.

Climate Change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Company has determined that climate problems may impact investee Company valuations and in turn the Company's own share price. This is explained on page 19 in the principal and emerging risks section, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially consistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in Note 1a and conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by FRS 102 and unquoted investments are valued with reference to listed comparable companies therefore reflective of market participants views. We also challenged the Directors' considerations of climate change in their assessment of viability and associated disclosures.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation and ownership of the listed and unquoted investments (as described on page 33 in the Report of the Audit Committee and as per the accounting policy set out on page 49). The valuation of the investment portfolio at 30 April 2022 was £2,662.01m (2021 – £3,238.13m) consisting of quoted investments with an aggregate value of £2,599.76m (2021 – £3,158.82m) and unquoted and suspended equities with an aggregate value of £62.25m (2021 – £74.15m). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title to the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of quoted investments is determined by reference to bid value or the last traded price depending on the convention of the exchange on which the investment is quoted. Unquoted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Baillie Gifford Fair Value Pricing Group. The unquoted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). The valuation of unquoted and suspended investments, and the resultant impact on the unrealised gains/(losses), is the area requiring the most significant judgement and estimation in the preparation of the financial statements and has been classified as an area of fraud risk as highlighted below on page 43.	**We performed the following procedures:** We obtained an understanding of Baillie Gifford's processes and controls surrounding legal title and pricing of quoted and unquoted investments by performing walkthrough procedures. For all quoted investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year-end. We inspected the stale pricing reports produced by Baillie Gifford to identify prices that have not changed within one business day and verified whether the quoted price is a valid fair value. We identified two stale prices in relation to Russian stocks, we noted these were nil valued and agreed these to pricing vendor information, verifying the circumstances to confirm a nil value was appropriate. For the unquoted and suspended investments held as at 30 April 2022 the audit team or our valuation specialists reviewed and challenged the valuations. This included: — Reviewing the valuation papers prepared by the Private Companies Valuation Group and Fair Value Pricing Group to gain an understanding of, and comment on, the valuation methodologies and assumptions; — Initial discussion with the Manager's Private Companies Valuation Group to understand their valuation approach and a follow up meeting to challenge certain areas of their approach, documentation and valuation conclusions; — Assessing whether the valuations have been performed in line with the valuation approaches as set out in UK GAAP and the International Private Equity and Venture capital ('IPEV') guidelines; — Assessing the appropriateness of the data inputs and challenging the assumptions used to support the valuations; — Assessing other facts and circumstances, such as market movement and comparative Company information, that have an impact on the fair market value of the investments; and assessing whether managements valuation is reasonable. We recalculated the unrealised gains/losses on investments as at the year-end using the book-cost reconciliation. We compared the Company's investment holdings at 30 April 2022 to independent confirmations received directly from the Company's Custodian or from the investee company.	**The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.**

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement (per the Audit Committee report set out on pages 33 to 34 and the accounting policy set out on page 50). The total revenue for the year to 30 April 2022 was £27.81m (2021 – £22.53m). Included in total revenue was revenue special dividends with a value of £2.42m (2021 – £1.07m). Capital special dividends with a value of £0.13m (2021 – £0.04m) are reflected in net gains/(losses) on investments in the Income Statement. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. The Directors may be required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement and has been classified as an area of fraud risk as highlighted below on page 43.	**We have performed the following procedures:** We obtained an understanding of Baillie Gifford's processes and controls surrounding revenue recognition including the classification of special dividends by performing walkthrough procedures. For all dividends, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We agreed a sample to bank statements and, where applicable, we also agreed the exchange rates to an external source. To test completeness of recorded income, we tested that dividends had been recorded for a sample of investee companies with reference to investee company announcements obtained from an independent data vendor. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the dividend obligation arose prior to 30 April 2022. We agreed the dividend rate to corresponding announcements made by the investee company, recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year end bank statements. We performed a review of the income and acquisition and disposal reports produced by Baillie Gifford to identify all special dividends received and accrued during the period, above our testing threshold. We identified 11 special dividends that had been received by the Company in the year which were all individually below our testing threshold. For a sample of special dividends which were individually below our threshold but totalled £2.33m we assessed the appropriateness of management's classification. We confirmed through an independent review that the classification of the special dividends were consistent with the underlying motives and circumstances for the payments.	**The results of our procedures identified no material misstatement in relation to the risk of incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Income Statement.**

There have been no changes to the areas of audit focus raised in the above risk table from the prior year.

Our Application of Materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £24.79 million (2021 – £32.05 million), which is 1% (2021 – 1%) of shareholders' funds. We believe that shareholders' funds provides us with a materiality aligned to the key measure of the Company's performance.

Performance Materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2021 – 75%) of our planning materiality, namely £18.59m (2021 – £24.04m). We have set performance materiality at this percentage due to our experience in prior years of working with the key service providers that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for investment trusts, we have applied a separate testing threshold for the revenue column of the Income Statement of £1.24m (2021 – £1.07m), being our reporting threshold.

Reporting Threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £1.24m (2021 – £1.07m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other Information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

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

In our opinion, based on the work undertaken in the course of the audit:

— 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; and

— the Strategic Report and Directors' Reports have been prepared in accordance with applicable legal requirements.

Matters on Which we are Required to Report by Exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

— 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; or

— certain disclosures of Directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

— Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 31;

— Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 20;

— Directors' statement on whether they have a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 20;

— Directors' statement on fair, balanced and understandable set out on page 37;

— Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 19 and 20;

— The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 30; and;

— The section describing the work of the audit committee set out on pages 33 and 34.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 37, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to What Extent the Audit was Considered Capable of Detecting Irregularities, Including Fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the Listing Rules, UK Corporate Governance Code, the Association of Investment Companies' Code and Statement of Recommended Practice, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of Board minutes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Income Statement. We also identified a fraud risk with respect to the incorrect valuation of the unquoted and suspended investments and the resultant impact on unrealised gains/(losses). Further discussion of our approach is set out in the section on key audit matters above which include our response to the fraud risks and other areas of audit focus.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at **frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Other Matters we are Required to Address

- Following the recommendation from the Audit Committee, we were appointed by the Company on 2 August 2017 to audit the financial statements for the year ending 30 April 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 5 years, covering the years ending 30 April 2018 to 30 April 2022.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of Our Report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Caroline Mercer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
20 June 2022

Income Statement

For the year ended 30 April

	Notes	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
(Losses)/gains on investments	9	–	(631,829)	**(631,829)**	–	1,069,700	**1,069,700**
Currency (losses)/gains	14	–	(308)	**(308)**	–	1,916	**1,916**
Income	2	27,811	–	**27,811**	22,529	–	**22,529**
Investment management fee	3	(10,465)	–	**(10,465)**	(10,011)	–	**(10,011)**
Other administrative expenses	4	(1,888)	–	**(1,888)**	(1,656)	–	**(1,656)**
Net return before finance costs and taxation		15,458	(632,137)	**(616,679)**	10,862	1,071,616	**1,082,478**
Finance costs of borrowings	5	(5,298)	–	**(5,298)**	(5,027)	–	**(5,027)**
Net return on ordinary activities before taxation		10,160	(632,137)	**(621,977)**	5,835	1,071,616	**1,077,451**
Tax on ordinary activities	6	(1,516)	293	**(1,223)**	1,966	(958)	**1,008**
Net return on ordinary activities after taxation		**8,644**	**(631,844)**	**(623,200)**	**7,801**	**1,070,658**	**1,078,459**
Net return per ordinary share	7	**3.67p**	**(268.58p)**	**(264.91p)**	**3.42p**	**469.83p**	**473.25p**
Note: Dividends per share paid and payable in respect of the year	8	**2.35p**			**2.00p**		

The total column of this Statement represents the profit and loss account of the Company. The supplementary revenue and capital columns are prepared under guidance issued by the Association of Investment Companies.

All revenue and capital items in this Statement derive from continuing operations.

A Statement of Comprehensive Income is not required as the Company does not have any other comprehensive income and the net return on ordinary activities after taxation is both the profit and total comprehensive income for the year.

The accompanying notes on pages 48 to 64 are an integral part of the Financial Statements.

Balance Sheet

As at 30 April

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		2,662,015		3,238,130
Current assets					
Debtors	10	8,072		3,936	
Cash and cash equivalents	19	35,879		108,723	
		43,951		112,659	
Creditors					
Amounts falling due within one year	11	(126,257)		(5,063)	
Net current (liabilities)/assets			(82,306)		107,596
Total assets less current liabilities			2,579,709		3,345,726
Creditors and Provisions					
Amounts falling due after more than one year:					
Debenture stock	12	–		(39,940)	
Loan notes	12	(99,853)		(99,848)	
Provision for tax liability	12	(692)		(958)	
			(100,545)		(140,746)
			2,479,164		**3,204,980**
Capital and reserves					
Share capital	13		11,823		11,823
Share premium account	14		262,183		262,183
Capital redemption reserve	14		8,700		8,700
Capital reserve	14		2,129,483		2,859,214
Revenue reserve	14		66,975		63,060
Shareholders' funds	15		**2,479,164**		**3,204,980**
Shareholders' funds per ordinary share (borrowings at book value)	15		**1,089.0p**		**1,355.4p**

The Financial Statements of The Monks Investment Trust PLC (Company registration number 236964) on pages 44 to 64 were approved and authorised for issue by the Board and were signed on 20 June 2022.

KS Sternberg
Chairman

The accompanying notes on pages 48 to 64 are an integral part of the Financial Statements.

Statement of Changes in Equity

For the year ended 30 April 2022

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 May 2021		11,823	262,183	8,700	2,859,214	63,060	**3,204,980**
Net return on ordinary activities after taxation		–	–	–	(631,844)	8,644	**(623,200)**
Ordinary shares bought back	13	–	–	–	(97,887)	–	**(97,887)**
Dividends paid during the year	8	–	–	–	–	(4,729)	**(4,729)**
Shareholders' funds at 30 April 2022		**11,823**	**262,183**	**8,700**	**2,129,483**	**66,975**	**2,479,164**

For the year ended 30 April 2021

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 May 2020		11,178	94,328	8,700	1,788,556	60,862	**1,963,624**
Net return on ordinary activities after taxation		–	–	–	1,070,658	7,801	**1,078,459**
Ordinary shares issued	13	645	167,855	–	–	–	**168,500**
Dividends paid during the year	8	–	–	–	–	(5,603)	**(5,603)**
Shareholders' funds at 30 April 2021		**11,823**	**262,183**	**8,700**	**2,859,214**	**63,060**	**3,204,980**

The accompanying notes on pages 48 to 64 are an integral part of the Financial Statements.

Cash Flow Statement

For the year ended 30 April

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Cash flows from operating activities					
Net return on ordinary activities before taxation			(621,977)		1,077,451
Net losses/(gains) on investments			631,829		(1,069,700)
Currency losses/(gains)			308		(1,916)
Finance costs of borrowings			5,298		5,027
Overseas tax incurred			(1,586)		(1,718)
Corporation tax refund			–		3,664
Changes in debtors and creditors			452		1,650
Cash from operations*			14,324		14,458
Interest paid			(4,991)		(4,547)
Net cash inflow from operating activities			9,333		9,911
Cash flows from investing activities					
Acquisitions of investments		(484,720)		(573,161)	
Disposals of investments		424,157		490,209	
Net cash outflow from investing activities			(60,563)		(82,952)
Cash flows from financing activities					
Equity dividends paid	8	(4,729)		(5,603)	
Ordinary shares bought back		(91,577)		–	
Ordinary shares issued		–		169,924	
Private placement debt notes issued		–		99,844	
Borrowings repaid		–		(99,596)	
Borrowings drawn down		75,000		–	
Net cash (outflow)/inflow from financing activities			(21,306)		164,569
(Decrease)/increase in cash and cash equivalents			(72,536)		91,528
Exchange movements			(308)		(2,342)
Cash and cash equivalents at 1 May			108,723		19,537
Cash and cash equivalents at 30 April			**35,879**		**108,723**

* Cash from operations includes dividends received of £28,165,000 (2021 – £22,668,000) and interest received of £1,000 (2021 – £365,000).

The accompanying notes on pages 48 to 64 are an integral part of the Financial Statements.

Notes to the Financial Statements

The Monks Investment Trust PLC ('the Company') is a public company limited by shares and is incorporated in England and Wales. 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.

1 Principal Accounting Policies

The Financial Statements for the year to 30 April 2022 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' on the basis of the accounting policies set out below which are unchanged from the prior year and have been applied consistently.

(a) Basis of Accounting

All of the Company's operations are of a continuing nature and the Financial Statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments at fair value through profit or loss, and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 will be retained. The Board has, in particular, considered the impact of heightened market volatility during the Covid-19 pandemic and over recent months owing to macroeconomic and geopolitical concerns, including the Russia-Ukraine conflict, but does not believe the Company's going concern status is affected.

The Company's assets, the majority of which are investments in quoted securities which are readily realisable (Level 1), exceed its liabilities significantly and could be sold to repay borrowings if required. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. During the year, the Company secured a £150 million three year flexible facility with National Australia Bank Limited ('NAB') to replace the £100 million NAB facility expiring 30 November 2021 and the up to £50 million Scotiabank (Ireland) facility expiring 13 March 2022. The Board is considering the best form of borrowings to replace the Company's £40 million debenture stock maturing on 1 March 2023 but is confident that appropriate financing will be secured. In the meantime, the £150 million NAB facility has £75 million commitment still undrawn.

The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) Regulations 2011. The Company's primary third party suppliers, including its Managers and Secretaries, Custodian and Depositary, Registrar, Auditor and Broker, have not experienced significant operational difficulties affecting their respective services to the Company, as a result of the Covid-19 pandemic.

Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters including the impact of the Covid-19 pandemic set out in the Viability Statement on page 20, which assesses the prospects of the Company over a period of three years, that the Company will continue in operational existence for the period to 31 July 2023, which is a period of at least twelve months from the date of approval of these Financial Statements.

The Financial Statements have been prepared in accordance with the Companies Act 2006, applicable United Kingdom Accounting Standards and with the AIC's Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in April 2021 with consequential amendments.

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

In preparing these Financial Statements the Directors have considered the impact of climate change risk as a principal risk as set out on page 19. In line with FRS 102 investments are valued at fair value, being primarily quoted prices for investments in active markets at the balance sheet date, and therefore reflect market participants' view of climate change risk. Unlisted investments, valued by reference to comparable companies (see 1(d) below), similarly reflect market participants' view of climate change risk.

The Directors consider the Company's functional currency to be sterling as the Company's shareholders are predominantly based in the UK, the Company is subject to the UK's regulatory environment and it is the currency in which its dividends and expenses are generally paid.

(b) Financial Instruments

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.

(c) Accounting Estimates, Assumptions and Judgements

The preparation of the Financial Statements requires the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities, at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates. The key sources of estimation and uncertainty relate to the fair value of the unlisted investments.

Estimates

The key estimate in the Financial Statements is the determination of the fair value of the unlisted investments by the Managers for consideration by the Directors. This estimate is key as it significantly impacts the valuation of the unlisted investments at the Balance Sheet date. The fair valuation process involves estimation using subjective inputs that are unobservable (for which market data is unavailable). The main estimates involved in the selection of the valuation process inputs are:

(i) the selection of appropriate comparable companies in order to derive revenue multiples and meaningful relationships between enterprise value, revenue and earnings growth. Comparable companies are chosen on the basis of their business characteristics and growth patterns;

(ii) the selection of a revenue metric (either historical or forecast);

(iii) the application of an appropriate discount factor to reflect the reduced liquidity of unlisted companies versus their listed peers;

(iv) the estimation of the probability assigned to an exit being through an initial public offering ('IPO') or a company sale;

(v) the selection of an appropriate industry benchmark index to assist with the valuation validation or the application of valuation adjustments, particularly in the absence of established earnings or closely comparable peers; and

(vi) the calculation of valuation adjustments derived from milestone analysis (i.e. incorporating operational success against the plan/forecasts of the business into the valuation).

Fair value estimates are cross-checked to alternative estimation methods where possible to improve the robustness of the estimates. As the valuation outcomes may differ from the fair value estimates a price sensitivity analysis is provided in Other Price Risk Sensitivity in note 19 on pages 60 to 62 to illustrate the effect on the Financial Statements of an over or under estimation of fair values. The risk of an over or under estimation of fair values is greater when methodologies are applied using more subjective inputs.

Assumptions

The determination of fair value by the Managers involves key assumptions dependent upon the valuation technique used. As explained in 1(d) below, the primary technique applied under the IPEV Guidelines is the Multiples approach. Where the Multiples approach is used the valuation process recognises also, as stated in the IPEV Guidelines, that the price of a recent investment may be an appropriate calibration for estimating fair value. The Multiples approach involves subjective inputs and therefore presents a greater risk of over or under estimation and particularly in the absence of a recent transaction.

The key assumptions for the Multiples approach are that the selection of comparable companies provides a reasonable basis for identifying relationships between enterprise value, revenue and growth to apply in the determination of fair value. Other assumptions include:

(i) the discount applied for reduced liquidity versus listed peers;

(ii) the probabilities assigned to an exit being through either an IPO or a company sale; and

(iii) that the application of milestone analysis and industry benchmark indices are a reasonable basis for applying appropriate adjustments to the valuations. Valuations are cross-checked for reasonableness to alternative Multiples-based approaches or benchmark index movements as appropriate.

Judgements

The Directors consider that the preparation of the Financial Statements involves the following key judgements:

(i) the determination of the functional currency of the Company as sterling (see rationale in 1(a) above); and

(ii) the fair valuation of the unlisted investments.

The key judgements in the fair valuation process are:

(i) the Managers' determination of the appropriate application of the International Private Equity and Venture Capital Valuation ('IPEV') Guidelines 2018 to each unlisted investment; and

(ii) the Directors' consideration of whether each fair value is appropriate following detailed review and challenge. The judgement applied in the selection of the methodology used (see 1(d) below) for determining the fair value of each unlisted investment can have a significant impact upon the valuation.

(d) Investments

The Company's investments are classified, recognised and measured at fair value through profit and loss in accordance with sections 11 and 12 of FRS 102. Investment purchases and sales are recognised on a trade date basis. Investments are initially measured at fair value, which is taken to be their cost excluding expenses incidental to purchases which are expensed to capital on acquisition. Gains and losses on investments, including those arising from foreign currency exchange differences and expenses incidental to the purchase and sale of investments, are recognised in the Income Statement as capital items.

The fair value of listed investments is either the bid price or the last traded price depending on the convention of the exchange on which the investment is listed. The fair value of suspended investments is the last traded price, adjusted for the estimated impact on the business of the suspension.

Private Company Investments

Private company investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Managers. The Managers' private company investment policy applies techniques consistent with the International Private Equity and Venture Capital Valuation Guidelines 2018 ('IPEV'). The techniques applied are predominantly market-based approaches. The market-based approaches available under IPEV are set out below and are followed by an explanation of how they are applied to the Company's private company portfolio:

— Multiples;

— Industry Valuation Benchmarks; and

— Available Market Prices.

The nature of the private company portfolio currently will influence the valuation technique applied. The valuation approach recognises that, as stated in the IPEV Guidelines, the price of a recent investment, if resulting from an orderly transaction, generally represents fair value as at the transaction date and may be an appropriate starting point for estimating fair value at subsequent measurement dates. However, consideration is given to the facts and circumstances as at the subsequent measurement date, including changes in the market or performance of the investee company. Milestone analysis is used where appropriate to incorporate the operational progress of the investee company into the valuation. Additionally, the background to the transaction must be considered. As a result, various multiples-based techniques are employed to assess the valuations particularly in those companies with established revenues. Discounted cashflows are used where appropriate. An absence of relevant industry peers may preclude the application of the Industry Valuation Benchmarks technique and an absence of observable prices may preclude the Available Market Prices approach. All valuations are cross-checked for reasonableness by employing relevant alternative techniques.

The private company investments are valued according to a three monthly cycle of measurement dates. The fair value of the private company investments will be reviewed before the next scheduled three monthly measurement date on the following occasions:

— at the year end and half year end of the Company; and

— where there is an indication of a change in fair value as defined in the IPEV guidelines (commonly referred to as 'trigger' events).

(e) Cash and Cash Equivalents

Cash equivalents comprise short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(f) 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. Special dividends are treated as revenue or capital items depending on the facts of each particular case.

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.

(ii) Interest from fixed interest securities is recognised on an effective yield basis.

(iii) Unfranked investment income and overseas dividends include the taxes deducted at source.

(iv) Interest receivable on deposits is recognised on an accruals basis.

(g) Expenses

All expenses are accounted for on an accruals basis and are charged to the revenue account except where: (i) they relate to expenses incidental to the purchase or sale of investments (transaction costs) which are charged to capital. Transaction costs are detailed in note 9 on page 54; or (ii) they relate directly to the buy-back/issuance of shares, in which case they are added to the buy-back cost or deducted from the share issuance proceeds.

(h) Borrowings and Finance Costs

Borrowings, which comprise interest bearing bank loans, loan notes and debentures are recognised initially at the fair value of the consideration received, net of any issue expenses, and subsequently at amortised cost using the effective interest rate method. The finance costs of such borrowings are accounted for on an accruals basis using the effective interest rate method and are allocated to revenue in the Income Statement.

(i) Taxation

The taxation charge represents the sum of current tax and the movement in the provision for deferred taxation during the year. Current taxation represents non-recoverable overseas taxes which is charged to the revenue accounts where it relates to income received and to capital where it relates to items of a capital nature. 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.

(j) Dividend Distributions

Where relevant, interim dividends are recognised in the period in which they are paid. Final dividends are recognised in the period in which the dividends are approved by the Company's shareholders.

(k) 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. 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.

(l) Share Premium Account

The balance classified as share premium represents:

— the excess of the proceeds of issuance of new shares over the nominal value; and

— the proceeds of sales of shares held in treasury in excess of the weighted average price paid by the Company to repurchase the shares.

(m) Capital Redemption Reserve

The nominal value of ordinary share capital repurchased and cancelled is transferred out of the called-up share capital and into the capital redemption reserve.

(n) Capital Reserve

Gains and losses on realisation of investments, changes in the fair value of investments held and exchange differences of a capital nature are dealt with in this reserve. Purchases of the Company's own shares are also funded from this reserve. The sales proceeds of treasury shares reissued are treated as a realised profit up to the amount of the weighted average purchase price of those shares and transferred to the capital reserve.

(o) Revenue Reserve

The revenue profit or loss for the year is taken to or from this reserve. The revenue reserve may be distributed by way of a dividend.

(p) Single Segment Reporting

The Company is engaged in a single segment of business, being that of an investment trust company, consequently no business segmental analysis is provided.

2 Income

	2022 £'000	2021 £'000
Income from investments		
UK dividends	10,519	4,785
Overseas dividends	17,291	17,379
Other Income	27,810	22,164
Deposit Interest	1	365
Total Income	**27,811**	**22,529**
Total income comprises:		
Dividends from financial assets designated at fair value through profit or loss	27,810	22,164
Interest from financial assets not at fair value through profit or loss	1	365
	27,811	**22,529**

Special dividend entitlements arising in the year amounted to £2,526,000 (2021 – £1,096,000) with £2,393,000 (2021 – £1,096,000) classified as revenue and £133,000 (2021 – nil) classified as capital.

3 Investment Management Fee

	2022 £'000	2021 £'000
Investment management fee	**10,465**	**10,011**

Details of the Investment Management Agreement are disclosed on page 24. The annual management fee payable to Baillie Gifford & Co Limited is 0.45% on the first £750 million of total assets, 0.33% on the next £1 billion of total assets and 0.30% on the remaining total assets. For fee purposes, total assets is defined as the total value of all assets held less all liabilities (other than any liability in the form of debt intended for investment purposes) and excludes the value of the Company's holdings in The Schiehallion Fund, a closed-ended investment company managed by Baillie Gifford & Co. The Company does not currently hold any other collective investment vehicles managed by Baillie Gifford & Co. Where the Company holds investments in open-ended collective investment vehicles managed by Baillie Gifford, such as OEICs, Monks' share of any fees charged within that vehicle will be rebated to the Company. All debt drawn down during the periods under review is intended for investment purposes.

4 Other Administrative Expenses

	2022 £'000	2021 £'000
General administrative expenses	1,658	1,407
Directors' fees (see Directors' Remuneration Report on page 35)	179	206
Auditor's remuneration – statutory audit of annual Financial Statements*	50	42
Auditor's non-audit remuneration – non-audit services (see page 33)	1	1
	1,888	**1,656**

* Irrecoverable VAT on audit fees is included within general administrative expenses.

5 Finance Costs of Borrowings

	2022 £'000	2021 £'000
Bank loans	886	1,113
Debenture stocks	2,583	2,583
Loan notes	1,829	1,331
	5,298	**5,027**

6 Tax on Ordinary Activities

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Overseas taxation	1,516	–	1,516	1,698	–	1,698
UK corporation tax refunded	–	–	–	(3,664)	–	(3,664)
Indian capital gains tax paid and provided for	–	(293)	(293)	–	958	958
	1,516	**(293)**	**1,223**	**(1,966)**	**958**	**(1,008)**

	2022 £'000	2021 £'000
The tax charge for the year is higher (2021 – lower) than the standard rate of corporation tax in the UK of 19% (2021 – 19%). The differences are explained below:		
Net return before taxation	(621,977)	1,077,451
Net return before taxation multiplied by the average standard rate of corporation tax in the UK of 19% (2021 – 19%)	(118,176)	204,716
Capital returns not taxable	120,106	(203,607)
Income not taxable	(5,067)	(3,927)
Taxable expenses in the year not utilised	3,137	2,818
Overseas tax	1,516	1,698
Corporation tax refund in respect of prior years	–	(3,664)
Revenue tax charge for the year	**1,516**	**(1,966)**
(Decrease)/increase in provision for tax liability in respect of Indian capital gains	(266)	958
Refund of Indian tax in respect of prior periods	(27)	–
Capital tax charge for the year	**(293)**	**958**
Total tax charge for the year	**1,223**	**(1,008)**

As an investment trust, the Company's capital gains are not taxable in the United Kingdom.

The revenue tax charge for the year to 30 April 2021 includes £3,664,000 UK corporation tax repaid in respect of the Company's financial years to 2008, 2009 and 2010, following successful legal action regarding the tax treatment of overseas dividend income. This amount had not previously been provided for, as recovery was not considered sufficiently probable. It was therefore recognised on receipt. As it exceeded the overseas withholding tax suffered in the period, this resulted in a positive revenue tax charge.

Interest on the corporation tax repayment was included within interest income.

The capital tax charge results from the movement in the provision for tax liability in respect of Indian capital gains tax as detailed in note 12.

Factors that may Affect Future Tax Charges

At 30 April 2022 the Company had surplus management expenses and losses on non-trading loan relationships of £108,019,000 (2021 – £94,683,000) which have not been recognised as a deferred tax asset. This is because the Company is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing surplus expenses.

7 Net Return per Ordinary Share

	2022 Revenue	2022 Capital	2022 Total	2021 Revenue	2021 Capital	2021 Total
Net return per ordinary share	**3.67p**	**(268.58p)**	**(264.91p)**	**3.42p**	**469.83p**	**473.25p**

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation of £8,644,000 (2021 – £7,801,000) and on 235,252,716 (2021 – 227,881,626) 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 loss for the financial year of £631,844,000 (2021 – gain of £1,070,658,000) and on 235,252,716 (2021 – 227,881,626) 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

	2022	2021	2022 £'000	2021 £'000
Amounts recognised as distributions in the year:				
Previous year's final (paid 7 September 2021)	2.00p	2.50p	4,729	5,603

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 £8,644,000 (2021 – £7,801,000).

	2022	2021	2022 £'000	2021 £'000
Amounts paid and payable in respect of the financial year:				
Proposed final (payable 9 September 2022)	2.35p	2.00p	5,350	4,729

9 Fixed Assets – Investments

As at 30 April 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed and suspended equities	2,479,464	120,306	5,636	**2,605,406**
Unlisted equities	–	–	56,609	**56,609**
Total financial asset investments	**2,479,464**	**120,306**	**62,245**	**2,662,015**

As at 30 April 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed and suspended equities	3,039,527	129,609	–	**3,169,136**
Unlisted equities	–	–	68,994	**68,994**
Total financial asset investments	**3,039,527**	**129,609**	**68,994**	**3,238,130**

Investments in securities are financial assets held at fair value through profit or loss. In accordance with Financial Reporting Standard 102, the tables above provide an analysis of these investments based on the fair value hierarchy described below, which reflects the reliability and significance of the information used to measure their fair value. During the year, an unlisted investment (GRAIL) was acquired by a listed entity (Illumina), resulting in a transfer of £6,429,000 book cost (£10,329,000 fair value) from Level 3 to Level 1. Level 2 investments comprise the ordinary and C share holdings in The Schiehallion Fund. The suspended investment in Brilliance China Automotive was moved from Level 2 to Level 3 in the year. Suspended investments in Sberbank of Russia and VK Company have been valued at nil.

9 Fixed Assets – Investments (continued)

Fair Value Hierarchy

The fair value hierarchy used to analyse the basis on which the fair values of financial instruments held at fair value through the profit and loss account are measured is described below. Fair value measurements are categorised on the basis of the lowest level input that is significant to the fair value measurement.

Level 1 – using unadjusted quoted prices for identical instruments in an active market;

Level 2 – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

Level 3 – using inputs that are unobservable (for which market data is unavailable).

The valuation techniques used by the Company are explained in the accounting policies on page 49. A sensitivity analysis by valuation technique of the unlisted securities is given on page 61.

	2022 Listed securities £'000	2022 Unlisted securities * £'000	2022 Total securities £'000	2021 Total securities £'000
Cost of investments at start of year	1,684,937	54,195	1,739,132	1,445,130
Investment holding gains at start of year	1,484,199	14,799	1,498,998	643,697
Value of investments at start of year	**3,169,136**	**68,994**	**3,238,130**	**2,088,827**
Movements in year:				
Purchases at cost	481,752	2,860	484,612	568,212
Sales proceeds received	(428,898)	–	(428,898)	(488,609)
(Losses)/gains on investments	(623,013)	(8,816)	(631,829)	1,069,700
Change in listing	6,429	(6,429)	–	–
Value of investments at end of year	**2,605,406**	**56,609**	**2,662,015**	**3,238,130**
Cost of investments at end of year	1,888,016	50,626	1,938,642	1,739,132
Investment holding gains at end of year	717,390	5,983	723,373	1,498,998
Value of investments at end of year	**2,605,406**	**56,609**	**2,662,015**	**3,238,130**

* Includes holdings in ordinary shares and preference shares.

The purchases and sales proceeds figures above include transaction costs of £374,000 (2021 – £714,000) and £173,000 (2021 – £192,000) respectively. The Company received £428,898,000 (2021 – £488,609,000) from investments sold during the year. The book cost of these investments when they were purchased was £285,102,000 (2021 – £274,210,000). These investments have been revalued over time and, until they were sold, any unrealised gains/losses were included in the fair value of the investments. Of the realised gains on sales of investments during the year of £143,796,000 (2021 – gains on sales of £214,399,000), a net gain of £238,816,000 (2021 – gain of £117,824,000) was included in investment holding gains at the previous year end.

	2022 £'000	2021 £'000
Net (losses)/gains on investments:		
Realised gains on sales	143,796	214,399
Changes in investment holding gains	(775,625)	855,301
	(631,829)	**1,069,700**

Significant Holdings Disclosure Requirements – Companies Act 2006

The following is provided in accordance with the disclosure requirements of the Companies Act 2006 in relation to investments which amount to 20% or more of the nominal value of any class of shares in an undertaking.

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:

	2022 Shares held	2022 Value £'000	2022 % of Shares held	2021 Shares held	2021 Value £'000	2021 % of Shares held
Silk Invest Africa Food Fund	10,000	4,958	42.6	10,000	6,065	42.6

10 Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Accrued income	2,461	2,719
Investment sales awaiting settlement	4,741	–
Share issuance proceeds awaiting settlement	60	60
Overseas taxation recoverable	655	1,032
Other debtors and prepaid expenses	155	125
	8,072	**3,936**

None of the above debtors are financial assets held 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

	2022 £'000	2021 £'000
National Australia Bank Limited loan	75,000	–
£40 million 6⅜% debenture stock 2023	39,973	–
Investment purchases awaiting settlement	833	941
Share buybacks awaiting settlement	6,310	–
Corporation tax	45	45
Other creditors and accruals	4,096	4,077
	126,257	**5,063**

None of the above creditors are financial liabilities held at fair value through profit or loss. Included in other creditors is £2,286,000 (2021 – £2,771,000) in respect of the investment management fee.

Borrowing Facilities

At 30 April 2022 the Company had a 3 year £150 million unsecured floating rate revolving facility with National Australia Bank Limited, which expires on 29 November 2024.

At 30 April 2022 drawings were as follows:

— National Australia Bank Limited: £75 million at an interest rate of 1.4% over SONIA, being £50 million maturing in August 2022 and £25 million maturing in September 2022 (2021 – 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 £650 million.

There were no breaches of loan covenants during the year to 30 April 2022 (2021 – none).

12 Creditors and Provisions – Amounts falling due after more than one year

	Repayment date	Nominal rate	Effective rate	2022 £'000	2021 £'000
£40 million 6⅜% debenture stock 2023	1/3/2023	6.375%	6.5%	–	39,940
£60 million 1.86% Series A notes 2054	7/8/2054	1.86%	1.86%	59,901	59,898
£40 million 1.77% Series B notes 2045	7/8/2045	1.77%	1.77%	39,952	39,950
				99,853	**139,788**
Provision for tax liability in respect of Indian capital gains tax				692	958
				100,545	**140,746**

Debenture Stock

The debenture stock is stated at amortised cost (see note 1(h) on page 50); the cumulative effect is to decrease the carrying amount of borrowings by £27,000 (2021 – £60,000). 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%.

Unsecured Loan Notes

The unsecured loan notes are stated at the cumulative amount of net proceeds after issue expenses. The cumulative effect is to reduce the carrying amount of borrowings by £147,000 (2021 – £152,000).

Provision for Tax Liability

The tax liability provision at 30 April 2022 of £692,000 (30 April 2021 – £958,000) relates to a potential liability for Indian capital gains tax that may arise on the Company's Indian investments should they be sold in the future, based on the net unrealised taxable capital gains at the period end and on enacted Indian tax rates. The amount of any future tax amounts payable may differ from this provision, depending on the value and timing of any future sales of such investments and future Indian tax rates.

13 Share Capital

	2022 Number	2022 £'000	2021 Number	2021 £'000
Allotted, called up and fully paid ordinary shares of 5p each	227,645,309	11,382	236,453,859	11,823
Treasury shares of 5p each	8,808,550	441	–	–
Total	**236,453,859**	**11,823**	**236,453,859**	**11,823**

The Company's authority permits it to hold shares bought back 'in treasury'. Such treasury shares may be subsequently either sold for cash (at, or at a premium to, net asset value per ordinary share) or cancelled. In the year to 30 April 2022, 8,808,550 shares with a nominal value of £441,000 were bought back at a total cost of £97,887,000 to be held in treasury (2021 – 12,900,000 ordinary shares were issued at a nominal value of £645,000, raising net proceeds of £168,500,000). No shares were issued during the year and at 30 April 2022, 8,808,550 shares were held in treasury. At 30 April 2022 the Company had authority to buy back 26,635,883 ordinary shares and to allot or sell from treasury 23,645,385 ordinary shares without application of pre-emption rights. Under the provisions of the Company's Articles of Association share buy-backs are funded from the capital reserve. In the period 1 May 2022 to 16 June 2022 the Company bought back a further 2,837,722 shares with a nominal value of £142,000 at total cost of £27,412,000 to be held in treasury. At 16 June 2022 11,646,272 shares were held in treasury and the Company had authority remaining to buy back a further 23,798,161 ordinary shares.

14 Capital and Reserves

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 May 2021	11,823	262,183	8,700	2,859,214	63,060	**3,204,980**
Gains on investments	–	–	–	(631,829)	–	**(631,829)**
Other exchange differences	–	–	–	(308)	–	**(308)**
Movement in provision for tax on Indian notional capital gains	–	–	–	293	–	**293**
Revenue return on ordinary activities after taxation	–	–	–	–	8,644	**8,644**
Ordinary shares bought back	–	–	–	(97,887)	–	**(97,887)**
Dividends paid in the year	–	–	–	–	(4,729)	**(4,729)**
At 30 April 2022	**11,823**	**262,183**	**8,700**	**2,129,483**	**66,975**	**2,479,164**

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 May 2020	11,178	94,328	8,700	1,788,556	60,862	**1,963,624**
Gains on investments	–	–	–	1,069,700	–	**1,069,700**
Exchange differences on bank loans	–	–	–	4,258	–	**4,258**
Other exchange differences	–	–	–	(2,342)	–	**(2,342)**
Movement in provision for tax on Indian notional capital gains	–	–	–	(958)	–	**(958)**
Revenue return on ordinary activities after taxation	–	–	–	–	7,801	**7,801**
Ordinary shares issued	645	167,855	–	–	–	**168,500**
Dividends paid in the year	–	–	–	–	(5,603)	**(5,603)**
At 30 April 2021	**11,823**	**262,183**	**8,700**	**2,859,214**	**63,060**	**3,204,980**

The capital reserve balance at 30 April 2022 includes investment holding gains on investments of £723,373,000 (2021 – gains of £1,498,988,000) as detailed in note 9 on page 54. The revenue reserve is distributable by way of dividend.

15 Shareholders' Funds Per Ordinary Share

	2022	2021
Shareholders' funds	£2,479,164,000	£3,204,980,000
Number of ordinary shares in issue at the year end	227,645,309	236,453,859
Shareholders' funds per ordinary share	1,089.0p	1,355.4p

The shareholders' funds figures above have been calculated after deducting borrowings at book value, in accordance with the provisions of FRS 102. The net asset value figures have been calculated after deducting borrowings at either par value or fair value. Reconciliations between shareholders' funds and both NAV measures are shown in the Glossary of Terms and Alternative Performance Measures on pages 74 to 76.

16 Analysis of Change in Net Debt

	At 1 May 2021 £'000	Cash flows £'000	Other non-cash changes £'000	Exchange movement £'000	At 30 April 2022 £'000
Cash at bank and in hand	108,723	(72,536)	–	(308)	35,879
Loans due within one year	–	(75,000)	–	–	(75,000)
Debenture stocks	(39,940)	–	(33)	–	(39,973)
Loan notes	(99,848)	–	(5)	–	(99,853)
	(31,065)	**(147,536)**	**(38)**	**(308)**	**(178,947)**

	At 1 May 2020 £'000	Cash flows £'000	Other non-cash changes £'000	Exchange movement £'000	At 30 April 2021 £'000
Cash at bank and in hand	19,537	91,528	–	(2,342)	108,723
Loans due within one year	(103,854)	99,596	–	4,258	–
Debenture stocks	(39,908)	–	(32)	–	(39,940)
Loan notes	–	(99,844)	(4)	–	(99,848)
	(124,225)	**91,280**	**(36)**	**1,916**	**(31,065)**

17 Contingent Liabilities, Guarantees and Financial Commitments

At 30 April 2022 and 30 April 2021 the Company had no contingent liabilities, guarantees or financial commitments.

18 Transactions with Related Parties and the Managers and Secretaries

The Directors' fees and shareholdings are detailed in the Directors' Remuneration Report on pages 35 and 36. 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.

Baillie Gifford & Co Limited has been appointed as the Company's Alternative Investment Fund Manager ('AIFM') and Company Secretaries. Details of the terms of the Investment Management Agreement are set out on page 24 and details of the fees during the year and the balances outstanding at the year end are shown in notes 3 and 11 respectively.

19 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 investment 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 managers both assess the exposure to market risk when making individual investment decisions and monitor 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.

19 Financial Instruments (continued)

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 managers monitor the Company's exposure to foreign currencies and report 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 can limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

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 2022	Investments £'000	Cash and cash equivalents £'000	Loans, loan notes and debentures £'000	Other debtors and creditors * £'000	Net exposure £'000
US dollar	1,756,724	–	–	162	1,756,886
Euro	233,942	–	–	1,845	235,787
Japanese yen	121,500	–	–	574	122,074
Other overseas currencies	344,848	4,602	–	4,012	353,462
Total exposure to currency risk	2,457,014	4,602	–	6,593	2,468,209
Sterling	205,001	31,277	(214,826)	(10,497)	**10,955**
	2,662,015	**35,879**	**(214,826)**	**(3,904)**	**2,479,164**

* Includes non-monetary assets of £155,000.

At 30 April 2021	Investments £'000	Cash and cash equivalents £'000	Loans, loan notes and debentures £'000	Other debtors and creditors * £'000	Net exposure £'000
US dollar	2,118,184	438	–	122	**2,118,744**
Euro	203,677	–	–	1,032	**204,709**
Japanese yen	206,572	–	–	699	**207,271**
Other overseas currencies	452,759	4,686	–	957	**458,402**
Total exposure to currency risk	2,981,192	5,124	–	2,810	**2,989,126**
Sterling	256,938	103,599	(139,788)	(4,895)	**215,854**
	3,238,130	**108,723**	**(139,788)**	**(2,085)**	**3,204,980**

* Includes non-monetary assets of £76,000.

Currency Risk Sensitivity

At 30 April 2022, 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 2021.

	2022 £'000	2021 £'000
US dollar	87,844	105,937
Euro	11,789	10,235
Japanese yen	6,104	10,364
Other overseas currencies	17,673	22,920
	123,410	**149,456**

19 Financial Instruments (continued)

Interest Rate Risk

Interest rate movements may affect directly:

- the fair value of any investments in fixed interest rate securities;
- the level of income receivable on cash deposits;
- 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. The effect of interest rate movements upon the earnings of an investee 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 (with borrowings at fair value) assuming that the Company's share price is unaffected by movements in interest rates.

Financial Assets

The Company's interest rate risk exposure on its financial assets at 30 April 2022 amounted to £35,879,000 (2021 – £108,723,000), comprising its cash and short term deposits.

The cash deposits generally comprise call or short term money market deposits of less than one month which are repayable on demand. The benchmark rate which determines the interest payments received on cash balances is the bank base rate.

Financial Liabilities

The interest rate risk profile of the Company's bank loans, loan notes 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

	2022 £'000	2021 £'000
Floating rate – sterling	75,000	–
Fixed rate – sterling	139,826	139,788
	214,826	**139,788**

Maturity Profile

	2022 Within 1 year £'000	2022 Between 1 and 5 years £'000	2022 More than 5 years £'000	2021 Within 1 year £'000	2021 Between 1 and 5 years £'000	2021 More than 5 years £'000
Repayment of loans and debentures	115,000	–	100,000	–	40,000	100,000
Interest on loans and debentures	5,327	7,296	43,788	4,374	9,846	45,612
	120,327	**7,296**	**143,788**	**4,374**	**49,846**	**145,612**

Interest Rate Risk Sensitivity

An increase of 100 basis points in bond yields applied to the Company's financial liabilities as at 30 April 2022 would have decreased total net assets and total return on ordinary activities by £138,000 (2021 – nil) and would have increased the net asset value per share (with borrowings at fair value) by 7.8p (2021 – 9.8p). A decrease of 100 basis points would have increased total net assets and total return on ordinary activities by £80,000 (2021 – nil) and would have decreased net asset value per share (with borrowings at fair value) by 7.9p (2021 – 9.8p).

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.

19 Financial Instruments (continued)

Other Price Risk Sensitivity

A full list of the Company's investments is shown on pages 12 to 14. In addition, various analyses of the portfolio by growth category, thematic risk category, geography and broad industrial or commercial sector are contained in the Strategic Report. 105.1% of the Company's net assets are invested in quoted equities (2021 – 98.9%). A 10% increase in quoted equity valuations at 30 April 2022 would have increased total assets and total return on ordinary activities by £260,541,000 (2021 – £316,914,000). A decrease of 10% would have had an equal but opposite effect.

2.3% (2021 – 2.2%) of the Company's net assets are invested in unlisted securities. The fair valuation of the unlisted investments is influenced by the estimates, assumptions and judgements made in the fair valuation process (see 1(c) on pages 48 and 49).

A sensitivity analysis is provided below which recognises that the valuation methodologies employed involve subjectivity in their significant unobservable inputs and illustrates the sensitivity of the valuations to these inputs. The inputs have been flexed by +/-10% with the exception of the Recent Transaction Price valuation approach as it does not involve significant subjectivity.

As at 30 April 2022 Valuation Technique	Fair value of investments £'000	Key variable input*	Variable input sensitivity (%)	Positive impact £'000 †	Positive impact % of net assets	Negative impact £'000 †	Negative impact % of net assets
Recent Transaction	19,613	n/a	n/a	n/a	n/a	n/a	n/a
Market approach using comparable traded multiples	27,327	Application of valuation basis Probability of estimation of liquidation events# Selection of comparable companies Estimated sustainable earnings	±10	2,589	0.1	(2,535)	(0.1)
		Application of illiquidity discount	±10	98	0.0	(94)	0.0
Comparable Company performance	4,711	Application of valuation basis Probability of estimation of liquidation events# Selection of appropriate benchmarks	±10	471	0.0	(471)	0.0
Sum of the Parts	4,958	Application of valuation basis Selection of comparable companies Estimated sustainable earnings	±10	543	0.0	(543)	0.0
Total	**56,609**			**3,701**	**0.1**	**(3,643)**	**(0.1)**

As at 30 April 2021 Valuation Technique	Fair value of investments £'000	Key variable input* encompassing possible fluctuations due to Covid-19	Variable input sensitivity (%)	Positive impact £'000 †	Positive impact % of net assets	Negative impact £'000 †	Negative impact % of net assets
Recent Transaction	21,171	n/a	n/a	n/a	n/a	n/a	n/a
Market approach using comparable traded multiples	29,779	Application of valuation basis Probability of estimation of liquidation events# Selection of comparable companies Estimated sustainable earnings	±10	2,255	0.1	(2,255)	(0.1)
		Application of illiquidity discount	±10	449	0.0	(448)	0.0
Sum of the Parts	6,065	Application of valuation basis Selection of comparable companies Estimated sustainable earnings	±10	609	0.0	(609)	0.0
Price of expected transaction	11,979	Application of valuation basis Probability of estimation of liquidation events# Selection of comparable companies Estimated sustainable earnings	±10	1,198	0.0	(1,198)	0.0
Total	**68,994**			**4,511**	**0.1**	**(4,510)**	**(0.1)**

† Impact on net assets and net return after taxation.

A liquidation event is typically a company sale or an initial public offering ('IPO'). In assessing fair value the Company has determined the likely enterprise value attributed to the different investment classes held by the Company.

19 Financial Instruments (continued)

Other Price Risk Sensitivity (continued)

*** Key Variable Inputs**

The variable inputs applicable to each broad category of valuation basis will vary dependent on the particular circumstances of each unlisted company valuation. An explanation of each of the key variable inputs is provided below and includes an indication of the range in value for each input, where relevant. The assumptions made in the production of the inputs are described in note 1(c) on pages 48 and 49.

Selection of Appropriate Benchmarks

The selection of appropriate benchmarks is assessed individually for each investment. The industry and geography of each company are key inputs to the benchmark selection, with either one or two key indices or benchmarks being used for comparison.

Selection of Comparable Companies

The selection of comparable companies is assessed individually for each investment at the point of investment, and the relevance of the comparable companies is continually evaluated at each valuation. The key criteria used in selecting appropriate comparable companies are the industry sector in which they operate, the geography of the company's operations, the respective revenue and earnings growth rates and the operating margins. Typically, between 4 and 10 comparable companies will be selected for each investment, depending on how many relevant comparable companies are identified. The resultant revenue or earnings multiples derived will vary depending on the companies selected and the industries they operate in and can vary in the range of 1x to 10x.

Probability Estimation of Liquidation Events

The probability of a liquidation event such as a company sale, or alternatively an initial public offering ('IPO'), is a key variable input in the Transaction-based and Multiples-based valuation techniques. The probability of an IPO versus a company sale is typically estimated from the outset to be 50:50 if there has been no indication by the company of pursuing either of these routes. If the company has indicated an intention to IPO, the probability is increased accordingly to 75% and if an IPO has become a certainty the probability is increased to 100%. Likewise, in a scenario where a company is pursuing a trade sale the weightings will be adjusted accordingly in favour of a sale scenario, or in a situation where a company is underperforming expectations significantly and therefore deemed very unlikely to pursue an IPO.

Application of Valuation Basis

Each investment is assessed independently, and the valuation basis applied will vary depending on the circumstances of each investment. When an investment is pre-revenue, the focus of the valuation will be on assessing the recent transaction and the achievement of key milestones since investment. Adjustments may also be made depending on the performance of comparable benchmarks and companies. For those investments where a trading Multiples approach can be taken, the methodology will factor in revenue, earnings or net assets as appropriate for the investment, and where a suitable correlation can be identified with the comparable companies then a regression analysis will be performed. Discounted cash flows will also be considered where appropriate forecasts are available.

Estimated Sustainable Earnings

The selection of sustainable revenue or earnings will depend on whether the company is sustainably profitable or not, and where it is not then sustainable revenues will be used in the valuation. The valuation approach will typically assess companies based on the last twelve months of revenue or earnings, as they are the most recent available and therefore viewed as the most reliable. Where a company has reliably forecasted earnings previously or there is a change in circumstance at the business which will impact earnings going forward, then forward estimated revenue or earnings may be used instead.

Application of Liquidity Discount

The application of a liquidity discount will be applied either through the calibration of a valuation against the most recent transaction, or by application of a specific discount. The discount applied where a calibration is not appropriate is typically 10%, reflecting that the majority of the investments held are substantial companies with some secondary market activity.

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 listed securities that are readily realisable. The Board also sets parameters for the degree to which the Company's net assets are invested in listed equities. The Company has the power to take out borrowings, which give it access to additional funding when required. The Company's current liabilities and borrowing facilities are detailed in notes 11 and 12 and the maturity profile of its borrowings is set out on page 60.

19 Financial Instruments (continued)

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 managers make 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 The Bank of New York Mellon (International) Limited. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Managers monitor the Company's risk by reviewing the Depositary's internal control reports and reporting their findings to the Board;
- investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Managers. 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; 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:

	2022 £'000	2021 £'000
Cash and cash equivalents	35,879	108,723
Debtors	8,072	3,936
	43,951	**112,659**

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 long term borrowings. The fair values of the Company's borrowings are shown below. The fair value of the 6⅜% debenture stock 2023 is calculated using a comparable debt approach and/or broker quotes where available (2021 – price source Barclays BXEC). Using the 2021 price source as at 30 April 2022 would have reduced the fair value of the debenture by £189,000 and increased the fair value NAV by 0.1p per share. The fair values of the loan notes are calculated using a comparable debt approach, by reference to a basket of corporate debt (2021 – calculated by reference to UK Gilts with comparable maturities, applying a fair value spread using non-Gilt bond indices of similar duration). This adjustment to methodology is not considered to differ significantly from the prior approach.

	2022 Par value £'000	2022 Book value £'000	2022 Fair value £'000	2021 Par value £'000	2021 Book value £'000	2021 Fair value £'000
Bank loans due within one year	75,000	75,000	75,000	–	–	–
6⅜% debenture stock 2023	40,000	39,973	41,001	40,000	39,940	43,207
Series A Notes 1.86% 2054	60,000	59,901	43,700	60,000	59,898	54,302
Series B Notes 1.77% 2045	40,000	39,952	30,607	40,000	39,950	36,015
	215,000	**214,826**	**190,308**	**140,000**	**139,788**	**133,524**

20 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 18. 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 pages 19, 20 and 30.

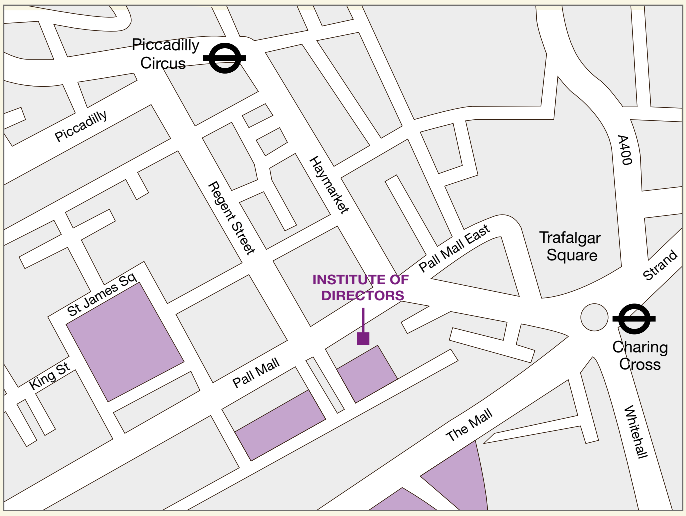
The Company has the ability to issue and buy back its shares (see page 25) and any changes to the share capital during the year are set out in note 13.

The Company does not have any externally imposed capital requirements other than the covenants on its loans, loan notes and debentures which are detailed in notes 11 and 12.

21 Subsequent Events

Subsequent to the 30 April 2022 year end, the net asset value per share with debt at fair value fell by 11.1% to 977.8p (as at 16 June 2022) as markets reacted to macroeconomic and geopolitical concerns.

Notice of Annual General Meeting



Subject to Government measures restricting public gatherings, and related public health guidance associated with the Covid-19 pandemic, the Annual General Meeting of the Company will be held at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED on Tuesday, 6 September 2022, at 11.00am. Given the ongoing uncertainty, the Board will continue to monitor developments and may be forced to prohibit shareholders from attending in person. The Board therefore encourages all shareholders to exercise their votes at the Annual General Meeting by completing and submitting a form of proxy; and to monitor the Company's website where any updates will be posted.

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 ninety-third 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, 6 September 2022, at 11.00am 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 2022 with the Reports of the Directors and of the Independent Auditor thereon.
2. To approve the Directors' Annual Report on Remuneration for the year ended 30 April 2022.
3. To declare a final dividend of 2.35p per ordinary share.
4. To re-elect Mr KS Sternberg as a Director.
5. To re-elect Mr JJ Tigue as a Director.
6. To re-elect Ms BJ Richards as a Director.
7. To re-elect Professor Sir Nigel Shadbolt as a Director.
8. To re-elect Ms CM Boyle as a Director.
9. To reappoint Ernst & Young LLP as Independent Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
10. To authorise the Directors to determine the remuneration of the Independent Auditor.
11. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ('Securities') provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £1,124,037.90 (representing 10% of the Company's total issued share capital as at 16 June 2022), such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, to pass resolutions 12, 13 and 14 as special resolutions:

12. That, subject to the passing of resolution 11 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby generally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of section 560(1) of the Act) for cash either pursuant to the authority given by resolution 11 above or by way of the sale of treasury shares wholly for cash as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power:
    (a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and
    (b) shall be limited to the allotment of equity securities or the sale of treasury shares up to an aggregate nominal value of £1,124,037.90, being approximately 10% of the nominal value of the issued share capital of the Company as at 16 June 2022.

13. 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'), (either for retention as treasury shares for future reissue, resale, transfer or for cancellation) provided that:
    (a) the maximum aggregate number of Shares hereby authorised to be purchased is 33,698,657, or, if less, the number representing approximately 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this resolution;
    (b) the minimum price (exclusive of expenses) which may be paid for each Share is 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 price 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 by the Company in a general meeting, 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 2023, 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.
14. That the Articles of Association produced to the meeting and signed by the Chairman of the meeting for the purposes of identification be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association with effect from the conclusion of the meeting.

By order of the Board
Baillie Gifford & Co Limited
Company Secretary
6 July 2022

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 **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 **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/her 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 service 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. 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.
9. 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.
10. 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.
11. Under section 338 of the Companies Act 2006, members meeting the qualification criteria set out in note 14 below may, subject to certain conditions, require the Company to circulate to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: (a) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (b) the resolution must not be defamatory of any person, frivolous or vexatious; and (c) the request: (i) may be in hard copy form or in electronic form; (ii) must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported; (iii) must be authenticated by the person or persons making it; and (iv) must be received by the Company not later than Monday 25 July 2022.
12. Under section 338A of the Companies Act 2006, members meeting the qualification criteria set out at note 14 below may require the Company to include in the business to be dealt with at the Annual General Meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The request must have been received by the Company not later than Monday 25 July 2022. The conditions are that the matter of business must not be defamatory of any person, frivolous or vexatious. The request must identify the matter of business by either setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported. The request must be accompanied by a statement setting out the grounds for the request. Members seeking to do this should write to the Company providing their full name and address.
13. Under section 527 of the Companies Act 2006, members meeting the qualification criteria set out at note 14 below may require the Company to publish, on its website, (without payment) a statement (which is also passed to the Auditor) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditor's Report and the conduct of the audit. Such requests must be made in writing and must state your full name and address.
14. In order to be able to exercise the members' rights in notes 11 to 13, the relevant request must be made by: (a) members representing at least 5% of the total voting rights of all the members who have a right to vote on the resolution to which the requests relate; or (b) at least 100 members who have a right to vote on the resolution to which the requests relate and hold shares in the Company on which there has been paid up an average sum, per member, of at least £100. Such requests should be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN. Electronic requests permitted under section 338 (see note 11) should be sent to **trustenquiries@bailliegifford.com**.

15. 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 **monksinvestmenttrust.co.uk**.
16. Members have the right to ask questions at the meeting in accordance with section 319A of the Companies Act 2006.
17. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
18. As at 16 June 2022 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 224,807,587 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 16 June 2022 were 224,807,587 votes.
19. 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/her proxy will need to ensure that both he/she and his proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
20. No Director has a contract of service with the Company.
21. The full terms of the proposed amendments to the Company's Articles of Association are available at the offices of Dickson Minto W.S., Level 13 Broadgate Tower, 20 Primrose Street, London EC2A 2EW between the hours of 9.00am and 5.00pm (Saturdays, Sundays and public holidays excepted) and on the Company's website, **monksinvestmenttrust.co.uk** from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

Appendix

Summary of the Principal Amendments to the Company's Articles of Association

Set out below is a summary of the principal amendments which will be made to the Company's Existing Articles through the adoption of the New Articles if Resolution 14 to be proposed at the AGM is approved by shareholders.

This summary is intended only to highlight the principal amendments which are likely to be of interest to shareholders. It is not intended to be comprehensive and cannot be relied upon to identify amendments or issues which may be of interest to all shareholders. This summary is not a substitute for reviewing the full terms of the New Articles which will be available for inspection at the offices of Dickson Minto W.S., Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW between the hours of 9.00am and 5.00pm (Saturdays, Sundays and public holidays excepted), and on the Company's website, **monksinvestmenttrust.co.uk**, from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM.

Hybrid/Virtual-Only Shareholder Meetings

The New Articles permit the Company to hold shareholder meetings on a virtual basis, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means. A shareholder meeting may be virtual-only if attendees participate only by way of electronic means, or may be held on a hybrid basis whereby some attendees attend in person at a physical location and others attend remotely using electronic means. This should make it easier for the Company's shareholders to attend shareholder meetings if the Board elects to conduct meetings using electronic means. Amendments have been made throughout the New Articles to facilitate the holding of hybrid or virtual-only shareholder meetings.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding a virtual-only meeting. These provisions will only be used where the Directors consider it is in the best of interests of shareholders for a hybrid or virtual-only meeting to be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

The Alternative Investment Fund Managers Directive (2011/61/EU) ('AIFMD') as incorporated into UK law by the European Union (Withdrawal) Act 2018 and the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) (the 'AIFM Regulations')

The Board is proposing to take this opportunity to make amendments to the Existing Articles in response to the AIFM Regulations and all applicable rules and regulations implementing the AIFMD. The proposed new provisions are as follows:

(i) The Existing Articles will be amended to provide that the net asset value per share of the Company shall be calculated at least annually and be disclosed to shareholders from time to time in such manner as may be determined by the Board. The amendment will have no bearing on current practice and simply articulates the minimum requirements of the AIFM Regulations.

(ii) The New Articles stipulate that the valuation of the Company's assets will be performed in accordance with prevailing accounting standards, the AIFM Rules, or such other accounting standards, bases, policies and procedures as the Board may determine from time to time. This reflects best practice and has no bearing on current practice and simply articulates the minimum requirements of the AIFM Regulations.

International Tax Regimes Requiring the Exchange of Information

The Board is proposing to include provisions in the New Articles to provide the Company with the ability to require shareholders to co-operate in respect of the exchange of information in order to comply with the Company's international tax reporting obligations, including, without limitation, under or in relation to FATCA, the Common Reporting Standard and the European Union's Directive on Administrative Cooperation ('Tax Reporting Requirements').

The Existing Articles are being amended to provide the Company with the ability to require shareholders to co-operate with it in ensuring that the Company is able to comply with its Tax Reporting Requirements. The Existing Articles will also be amended to provide that (i) where any member fails to supply the relevant information to the Company within the relevant time period, the member will be deemed to have forfeited their shares; and (ii) the Company will not be liable for any monies that become subject to a deduction or withholding relating to FATCA, the Common Reporting Standard or any similar laws as such liability would be to the detriment of shareholders as a whole.

Directors' Remuneration

The Board is proposing to amend the Existing Articles to increase the cap on the aggregate of all fees paid to Directors from £300,000 per annum to £400,000 per annum. The proposed increase is consistent with market practice. Shareholders last approved an increase in Directors' remuneration on 2 August 2017 when the aggregate cap on all fees was increased from £200,000 to £300,000. The Directors believe this cap is appropriate at this juncture to allow for recruitment and potential overlap as they allow potentially less experienced directors time to bed in on the Board before others stand down. Any such payment of fees to Directors will be in accordance with the remuneration policy of the Company from time to time.

Both the Existing Articles and the New Articles allow for a higher amount to be approved from time to time by ordinary resolution of the Company.

Minor Amendments

The Board is also taking the opportunity to make some additional minor or technical amendments to the Existing Articles, including:

(i) provisions which enable the Company to hold shareholder meetings across two (or more) physical locations in the event that all shareholders cannot be accommodated in a single physical location on the day of a meeting;

(ii) provisions which enable the Company to postpone a shareholder meeting where the Board considers that it would be impractical or undesirable to hold the meeting on the date which was originally notified to shareholders;

(iii) expanding the circumstances under which the chair of a shareholder meeting may adjourn the meeting without the consent of the meeting, including where the health, safety or wellbeing of those entitled to attend would be put at risk by their attendance at the meeting;

(iv) provisions which require all Directors to retire at each AGM (and, if they wish, to offer themselves for re-election) in line with the recommended corporate governance regime in the UK, and provisions dealing with the potential situation whereby no Directors are re-elected at an AGM;

(v) updating the provisions regarding the payment of dividends to include the use of any approved funds transfer system and to enable the Company to specify which payment method(s) will be used by the Company in respect of any dividend;

(vi) provisions which clarify that the Company may establish a capital reserve and that, subject to the provisions of the Companies Act 2006, capital profits standing to the credit of the capital reserve may be used to finance the payment of dividends and share buybacks;

(vii) updating the provisions regarding the service of notices and other information on shareholders to reflect the various methods permitted under UK company law;

(viii) deleting historic stocks and warrants provisions; and

(ix) simplifying the procedure in respect of untraced shareholders by removing the requirement for the Company to publish newspaper advertisements.

These changes generally reflect modern best practice and should assist in relieving certain administrative burdens on the Company.

Further Shareholder Information

Company History

Monks was incorporated in 1929 and was one of three trusts founded in the late 1920s by a group of investors headed by Sir Auckland (later Lord) Geddes. The other two trusts were The Friars Investment Trust and The Abbots Investment Trust. The company secretary's office was at 13/14 Austin Friars in the City of London, hence the names.

In 1931, Baillie Gifford & Co took over the management of all three trusts and Monks became a founder member of the Association of Investment Trusts in 1932.

In 1968, under a Scheme of Arrangement, the three trusts were merged with Monks acquiring the ordinary share capital of Friars and Abbots.

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 or by asking a professional adviser to do so. 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 – find out more by visiting **monksinvestmenttrust.co.uk**.

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 **monksinvestmenttrust.co.uk** and on other financial websites. Company factsheets are also available on the Company's website and are updated monthly. These are available from Baillie Gifford on request.

Monks Share Identifiers

ISIN GB0030517261

Sedol 3051726

Ticker MNKS

Legal Entity Identifier 213800MRI1JTUKG5AF64

The ordinary shares of the Company are listed on the London Stock Exchange and their price is shown in the Financial Times under 'Investment Companies'.

Key Dates

The Interim Report is issued in December and the Annual Report is normally issued in July. The 2022 AGM is being held at the start of September. Dividends will be paid by way of a single final payment shortly after the Company's AGM.

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.

Analysis of Shareholders at 30 April

Name	2022 Number	2022 %	2021 Number	2021 %
Institutions	30,293,640	13.3	35,471,681	15.0
Intermediaries	186,542,056	81.9	185,179,929	78.3
Individuals	10,247,908	4.5	14,363,343	6.1
Marketmakers	561,705	0.3	1,438,906	0.6
	227,645,309	**100.0**	**236,453,859**	**100.0**

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 0370 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 **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;

— 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 **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 **investorcentre.co.uk** and follow the instructions or telephone 0370 707 1694.

Electronic Proxy Voting

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

If you have any questions about this service please contact Computershare on 0370 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.

Automatic Exchange of Information

In order to fulfil its obligations under UK tax legislation relating to the automatic exchange of information, the Company is required to collect and report certain information about certain shareholders.

The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. Accordingly, the Company will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Shareholders, excluding those whose shares are held in CREST, who come on to the share register will be sent a certification form for the purposes of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders **gov.uk/government/publications/exchange-of-information-account-holders**.

Alternative Investment Fund Managers (AIFM) Regulations

In accordance with the AIFM Regulations, 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 Regulations, the AIFM remuneration policy is available at **bailliegifford.com** or on request (see contact details on the back cover). The numerical remuneration disclosures in respect of the AIFM's reporting period are also available at **bailliegifford.com**.

The Company's maximum and actual leverage levels (see Glossary of Terms and Alternative Performance Measures on pages 74 to 76) at 30 April 2022 are as follows:

Leverage

	Gross method	Commitment method
Maximum limit	2.50:1	2.00:1
Actual	1.07:1	1.08:1

Risks

Past performance is not a guide to future performance.

Monks is a UK listed 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.

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.

The Company's risk could be increased by its investment in unlisted (private company) investments. These assets may be more difficult to buy or sell, so changes in their prices may be greater.

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 has borrowed money to make further investments (sometimes known as 'gearing' or 'leverage'). 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 invested borrowings will increase the amount of this loss.

Monks can buy back its own shares. The risks from borrowing, referred to above, are increased when the Company buys back its own shares.

Monks can make use of derivatives which may impact on its performance. Currently, the Company does not make use of derivatives.

Charges are deducted from income. Where income is low, the expenses may be greater than the total income received, meaning that the Company may not pay a dividend and the capital value would be reduced.

Share prices may either be below (at a discount to) or above (at a premium to) the net asset value (NAV). The Company may issue new shares when the price is at a premium which will reduce the share price. Shares bought at a premium can therefore quickly lose value.

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 and as such complies with the requirements of the Financial Conduct Authority. It is not authorised or regulated by the Financial Conduct Authority.

Further details of the risks associated with investing in the Company, including a Key Information Document and how charges are applied, can be found at **monksinvestmenttrust.co.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.

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. The staff of Baillie Gifford and Monks Directors may hold shares in Monks and may buy or sell such shares from time to time.

Sustainable Finance Disclosure Regulation ('SFDR')

The EU Sustainable Finance Disclosure Regulation ('SFDR') does not have a direct impact in the UK due to Brexit. However, it applies to third-country products marketed in the EU. As The Monks Investment Trust PLC is marketed in the EU by the AIFM, BG & Co Limited, via the National Private Placement Regime (NPPR) the following disclosures have been provided to comply with the high-level requirements of SFDR.

The AIFM has adopted Baillie Gifford & Co's Governance and Sustainable Principles and Guidelines as its policy on integration of sustainability risks in investment decisions.

Baillie Gifford & Co's approach to investment is based on identifying and holding high quality growth businesses that enjoy sustainable competitive advantages in their marketplace. To do this it looks beyond current financial performance, undertaking proprietary research to build up an in-depth knowledge of an individual company and a view on its long-term prospects. This includes the consideration of sustainability factors (environmental, social and/or governance matters) which it believes will positively or negatively influence the financial returns of an investment.

More detail on the Investment Manager's approach to sustainability can be found in the Governance and Sustainability Principles and Guidelines document, available publicly on the Baillie Gifford website (**bailliegifford.com**).

Taxonomy Regulation

The Taxonomy Regulation establishes an EU-wide framework or criteria for environmentally sustainable economic activities in respect of six environmental objectives. It builds on the disclosure requirements under SFDR by introducing additional disclosure obligations in respect of AIFs that invest in an economic activity that contributes to an environmental objective.

The Company does not commit to make sustainable investments as defined under SFDR. As such, the underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.

Communicating with Shareholders

Monks on the Web

Up-to-date information about Monks can be found on the Company's page of the Managers' website at **monksinvestmenttrust.co.uk**. You will find full details on Monks, including recent portfolio information and performance figures.

Trust Magazine

Trust is the Baillie Gifford investment trust magazine which is published twice 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.

You can subscribe to *Trust* magazine or view a digital copy at **bailliegifford.com/trust**.

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 in the 'Further Information' box on the back cover) and give them your suggestions. They will also be very happy to answer questions that you may have about Monks.

Client Relations Team Contact Details

You can contact the Baillie Gifford Client Relations Team by telephone (your call may be recorded for training or monitoring purposes), email, fax or post. See contact details in the 'Further Information' box on the back cover.

Please note that Baillie Gifford is not permitted to give financial advice. If you would like advice please ask an authorised intermediary.

Third Party Data Provider Disclaimer

No third party data provider ('Provider') makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data.

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FTSE Index Data

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Glossary of Terms and Alternative Performance Measures (APM)

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Total Assets

The total value of all assets held less all liabilities other than liabilities in the form of borrowings.

Shareholders' Funds

Shareholders' Funds is the value of all assets held less all liabilities, with borrowings deducted at book cost.

Net Asset Value (APM)

Net Asset Value (NAV) is the value of all assets held less all liabilities, with borrowings deducted at either par value or fair value as described below. Per share amounts are calculated by dividing the relevant figure by the number of ordinary shares in issue.

Net Asset Value (Borrowings at Par Value) (APM)

Borrowings are valued at nominal par value.

A reconciliation from shareholders' funds (borrowings at book value) to net asset value after deducting borrowings at par value is provided below.

	2022 £'000	2022 per share	2021 £'000	2021 per share
Shareholders' funds (borrowings at book value)	2,479,164	1,089.0p	3,204,980	1,355.4p
Add: book value of borrowings	214,826	94.4p	139,788	59.1p
Less: par value of borrowings	(215,000)	(94.4p)	(140,000)	(59.2p)
Net asset value (borrowings at par value)	**2,478,990**	**1,089.0p**	**3,204,768**	**1,355.3p**

The per share figures above are based on 227,645,309 (2021 – 236,453,859) ordinary shares of 5p, being the number of ordinary shares in issue at the year end.

Net Asset Value (Borrowings at Fair Value) (APM)

Borrowings are valued at an estimate of market worth. The fair value of the 6⅜% debenture stock 2023 is calculated using a comparable debt approach and/or broker quotes where available. The fair values of the loan notes are calculated using a comparable debt approach, by reference to a basket of corporate debt. The fair value of the Company's short term bank borrowings is equivalent to its book value.

A reconciliation from shareholders' funds (borrowings at book value) to net asset value after deducting borrowings at fair value is provided below.

	2022 £'000	2022 per share	2021 £'000	2021 per share
Shareholders' funds (borrowings at book value)	2,479,164	1,089.0p	3,204,980	1,355.4p
Add: book value of borrowings	214,826	94.4p	139,788	59.1p
Less: fair value of borrowings	(190,308)	(83.6p)	(133,524)	(56.4p)
Net asset value (borrowings at fair value)	**2,503,682**	**1,099.8p**	**3,211,244**	**1,358.1p**

The per share figures above are based on 227,645,309 (2021 – 236,453,859) ordinary shares of 5p, being the number of ordinary shares in issue at the year end.

Discount/Premium (APM)

As stock markets 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.

		2022	2021
Closing NAV per share (borrowings at par)	a	1,089.0p	1,355.3p
Closing NAV per share (borrowings at fair value)	b	1,099.8p	1,358.1p
Closing share price	c	1,051.0p	1,396.0p
(Discount)/premium to NAV with borrowings at par	(c-a) ÷ a	**(3.5%)**	**3.0%**
(Discount)/premium to NAV with borrowings at fair value	(c-b) ÷ b	**(4.4%)**	**2.8%**

Net Liquid Assets

Net liquid assets comprise current assets less current liabilities (excluding borrowings) and provisions.

Active Share (APM)

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.

Unlisted, Unquoted and Private Company Investments

'Unlisted', 'Unquoted' and 'Private Company' investments are investments in securities not traded on a recognised exchange.

Total Return (APM)

The total return is the return to shareholders after reinvesting the dividend on the date that the share price goes ex-dividend, as detailed below.

		2022 NAV (par)	2022 NAV (fair)	2022 Share Price	2021 NAV (par)	2021 NAV (fair)	2021 Share Price
Closing NAV per share/share price	a	1,089.0p	1,099.8p	1,051.0p	1,355.3p	1,358.1p	1,396.0p
Dividend adjustment factor*	b	1.0015	1.0015	1.0014	1.0024	1.0024	1.0023
Adjusted closing NAV per share/share price	c = a x b	1,090.6p	1,101.4p	1,052.5p	1,358.5p	1,361.3p	1,399.2p
Opening NAV per share/share price	d	1,355.3p	1,358.1p	1,396.0p	878.3p	875.6p	914.0p
Total return	(c ÷ d)-1	**(19.5%)**	**(18.9%)**	**(24.6%)**	**54.7%**	**55.5%**	**53.1%**

* The dividend adjustment factor is calculated on the assumption that the dividend of 2.00p (2021 – 2.50p) paid by the Company during the year was reinvested into shares of the Company at the cum income NAV/share price, as appropriate, at the ex-dividend date.

Ongoing Charges (APM)

The total expenses (excluding dealing and borrowing costs) incurred by the Company as a percentage of the daily average net asset value (with borrowings at fair value), as detailed below.

		2022	2021
Investment management fee		£10,465,000	£10,011,000
Other administrative expenses		£1,888,000	£1,656,000
Total expenses	a	£12,353,000	£11,667,000
Average net asset value (with borrowings deducted at fair value)	b	£3,114,257,000	£2,697,905,000
Ongoing charges	a ÷ b	**0.40%**	**0.43%**

Gearing (APM)

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. The gearing ratios described below are included in the Ten Year Summary on page 17.

Gross gearing, also referred to as potential gearing is the Company's borrowings expressed as a percentage of shareholders' funds (a ÷ c in the table below).

Net gearing, also referred to as invested gearing is borrowings at book value less cash and cash equivalents (any certificates of deposit are not deducted) and brokers' balances expressed as a percentage of shareholders' funds (b ÷ c in the table below)*.

Effective gearing, as defined by the Board and Managers of Monks, is the Company's borrowings at par less cash, brokers' balances and investment grade bonds maturing within one year, expressed as a percentage of shareholders' funds*.

* As adjusted to take into account the gearing impact of any derivative holdings.

		2022	2021
Borrowings (at book cost)	a	£214,826,000	£139,788,000
Less: cash and cash equivalents		(£35,879,000)	(£108,723,000)
Less: sales for subsequent settlement		(£4,741,000)	–
Add: purchases for subsequent settlement		£7,045,000	£941,000
Adjusted borrowings	b	£181,251,000	£32,006,000
Shareholders' funds	c	£2,479,164,000	£3,204,980,000
Gross (potential) gearing	a ÷ c	**8.7%**	**4.4%**
Net (invested) gearing	b ÷ c	**7.3%**	**1.0%**

Leverage (APM)

For the purposes of the Alternative Investment Fund Managers (AIFM) Regulations 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. The leverage figures at 30 April 2022 are detailed on page 71.

Compound Annual Return (APM)

The compound annual return converts the return over a period of longer than one year to a constant annual rate of return applied to the compounded value at the start of each year.

Treasury Shares

The Company has the authority to make market purchases of its ordinary shares for retention as treasury shares for future reissue, resale, transfer, or for cancellation. Treasury shares do not receive distributions and the Company is not entitled to exercise the voting rights attaching to them.

Turnover

Turnover is a measure of portfolio change or trading activity. Monthly turnover is calculated as the minimum of purchases and sales in a month, divided by the average market value of the fund. Monthly numbers are added together to get the rolling 12 month turnover data.

Directors

Chairman:
KS Sternberg

CM Boyle
BJ Richards
Professor Sir Nigel Shadbolt
JJ Tigue

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