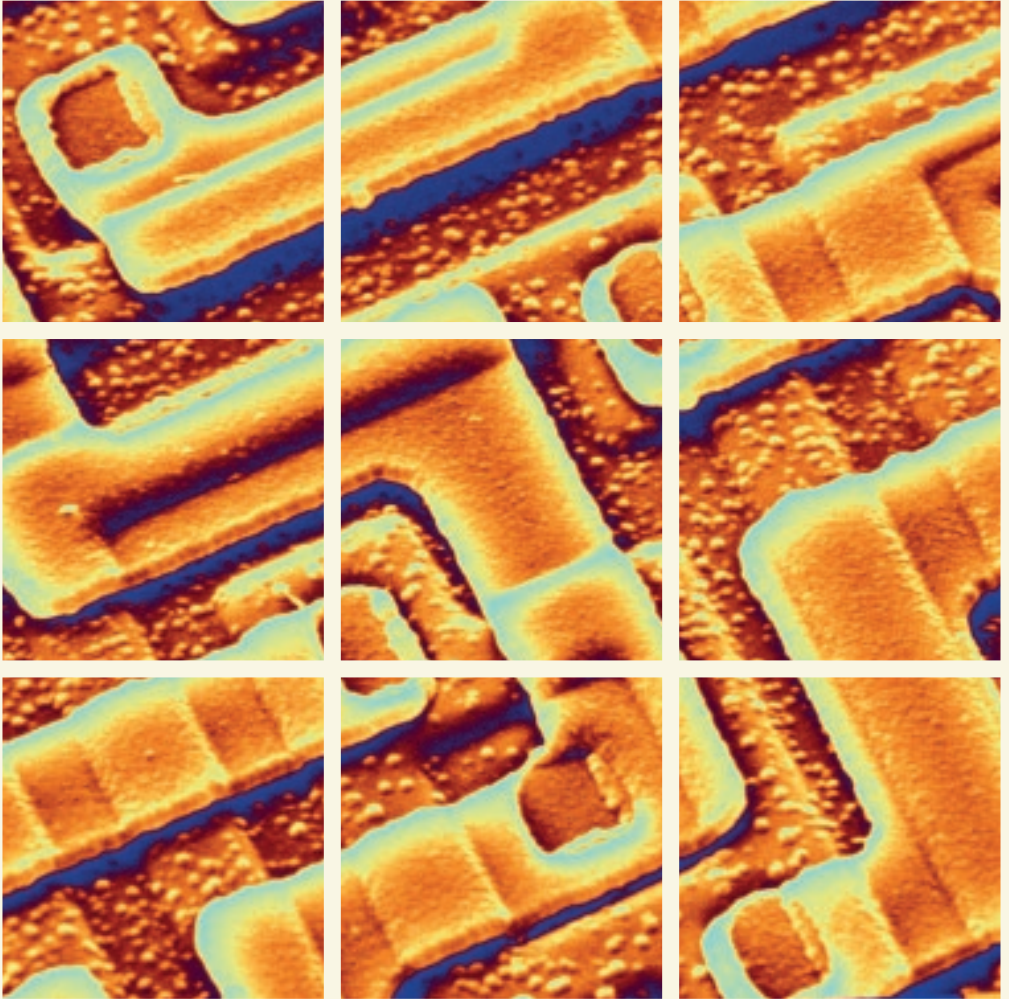


# THE MONKS INVESTMENT TRUST PLC

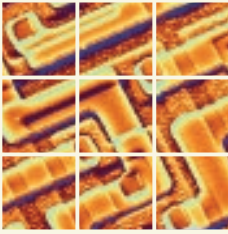
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Global growth from  
different perspectives



Interim Financial Report  
31 October 2015





## Global growth from different perspectives

The objective of Monks is to invest globally to achieve capital growth. This takes priority over income and dividends. Monks seeks to meet its objective by investing principally in a portfolio of global quoted equities.

## Financial Highlights

	31 October 2015	30 April 2015	% change
Net asset value per share (borrowings at fair value)	455.9p	476.0p	(4.2)
Share price	401.7p	435.1p	(7.7)
FTSE World Index (in sterling terms)			(5.4)
Discount (borrowings at fair value)	11.9%	8.6%	
Active share*	92%	93%	

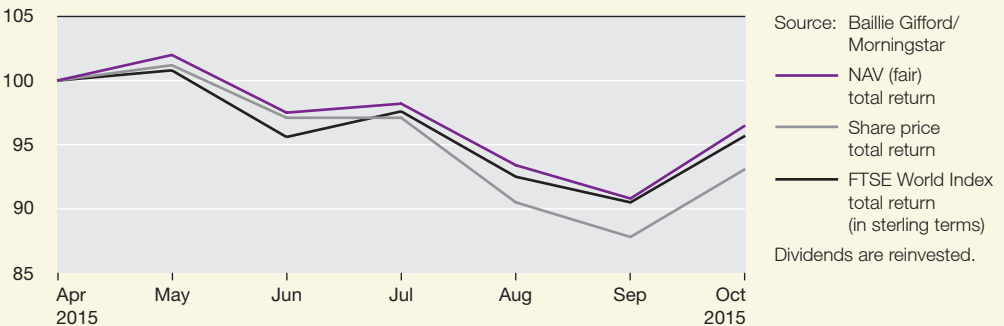
## Total Returns Performance to 31 October 2015

	Six months	1 year	3 years	5 years	10 years
<b>Total returns performance†</b>					
Net asset value#	(3.5%)	3.9%	31.4%	23.8%	86.6%
Share Price	(6.9%)	5.1%	34.5%	27.8%	95.3%
FTSE World Index‡	(4.3%)	4.6%	42.8%	57.3%	112.5%

Source: Baillie Gifford/Morningstar.

## Six Months to 31 October 2015

(figures plotted on a monthly basis and rebased to 100 at 30 April 2015)



\* 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.

† Total returns include the reinvestment of net dividends.

# With borrowings deducted at fair value for all periods except 10 years, which uses borrowings at par value.

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

Past performance is not a guide to future performance.

# Interim Management Report

## Investment Approach

Following a change of management team in March this year, the annual report provided a detailed description of our new investment approach. It also set out our core investment beliefs, which are reproduced in this report on page 3. To recap:

- Active management. The portfolio differs significantly from the composition of world equity markets. This differentiation ensures the potential to deliver superior returns over time;
- Growth. We believe that stock prices are ultimately driven by business fundamentals. We therefore search 'bottom-up' for investment opportunities in individual companies able to deliver above average earnings growth, thereby underpinning attractive shareholder returns;
- Patience. In the real world, businesses rarely increase their profits smoothly. We expect to hold stocks on average for about five years, increasing the chance of capturing earnings growth whenever it comes through, and we will hold many for multiples of that period.

Portfolio construction flows from these three beliefs. We manage a distinctive portfolio through our categorisation of equities into one of four growth categories; Stalwart, Rapid, Cyclical or Latent. Thus a diversified range of stocks are held, and the categories provide us with a clear framework for monitoring the long term performance of each. The categories are also an informative way of setting out the whole portfolio in practice – this is shown on pages 4 and 5.

At the period end the equity portfolio contained 115 stocks. Careful consideration is given to the holding size of each. We use three: high conviction (c.2%), mid sized (c.1%) and incubator (c.0.5%). While each stock only makes it into the portfolio after rigorous analysis, we are prepared to back our judgement with bigger positions – especially in longer standing and successful holdings – and to hold a range of higher-risk-higher-return stocks in the smaller incubator-sized position. This approach to portfolio construction is also shown on pages 4 and 5.

Past performance is not a guide to future performance.

## Results

The period under review was a volatile one for stock markets; investors were preoccupied with issues such as Chinese economic growth and whether the US Federal Reserve would raise interest rates (or not). The net result has been one in which markets have fallen; over the six months to 31 October Monks net asset value total return (capital and income), with borrowings deducted at fair value was -3.5% and the FTSE World Index total return was -4.3%. Monks share price total return over the same period was -6.9%. As we note in our core investment beliefs, we normally regard short term results to be random and this period supports that view. A diverse range of stocks has contributed to returns, with particularly helpful performance from a number of US stocks including Royal Caribbean Cruises, Amazon.com and Alphabet (the search engine formerly known as Google). While there will be stand-out stock returns like this over most periods, it is the aggregate outcome that matters: shareholders will only enjoy above average returns if the portfolio as a whole delivers sustainable above average growth. On this front we are confident that underlying progress is superior to that of the market.

It was flagged at the time of the final results in June that earnings per share were expected to fall in this financial year as a function of the restructuring, following the change of management team, towards stocks with higher growth prospects and typically lower dividends. This change in emphasis reflects a preference for growth stocks that reinvest more of their cashflows back into their businesses to drive future growth, rather than paying it out as dividends. Earnings per share for Monks for the period of 0.89p are therefore lower than the 2.26p for the corresponding period a year ago.

## Dividend

The Board has decided to pay an interim dividend of 0.50p per share, which will be paid in January 2016. The objective of Monks is to deliver long term capital growth, which takes priority over income and dividends. The restructuring of the portfolio, described above, in part means that the final dividend due to be paid in 2016 will be lower than in 2015.

# Interim Management Report

## Changes to the Equity Portfolio

Following the major portfolio reorganisation in late March and April, activity over the period was limited: equity turnover for the six months was just 6%. Within this, there were five new purchases and one stock was sold completely.

The new purchases included three stocks operating in 'emerging markets': Autohome (a Chinese on-line car retailer), MTN (an African mobile phone network) and Sands China (casinos in Macao). All three have exciting long term growth prospects but also face a range of more proximate operational and macro economic risks which have contributed to share price weakness and created a buying opportunity. All entered the portfolio as incubator sized positions, an approach which already appears a sensible precaution in the case of MTN, which at the end of the period announced it was facing a significant regulatory fine in Nigeria. We also added to China's leading e-commerce operator Alibaba, again following share price weakness caused by macro concerns. The one complete sale was of China Resource Enterprise after its parent company bought control of its retail assets; the residual rump business holds less appeal following a rerating.

## Gearing and Borrowings

At the period end the portfolio was only modestly geared (2% of shareholders' funds) into equities. We think that over the long term equity markets are likely to rise and as such shareholders should benefit from positive gearing. We are therefore actively seeking opportunities to apply the fund's borrowings and would expect, under normal conditions, to be approximately 10% geared to equity investments. We had begun to buy equities in early September but the market's subsequent rally has led us to pause for the time being, awaiting a better opportunity.

We have sold the US Treasury bond and, since the end of the period, have used the proceeds to reduce our outstanding borrowings.

## Share Capital

In future, any shares that the Company buys back from the market are likely to be held in Treasury rather than cancelled automatically as has been the

case to date. At present, the Company does not have the power to resell shares from Treasury; it will seek shareholder authority to do so at the next Annual General Meeting in August 2016. It is intended that any shares held in Treasury would have an indefinite life and would only be re-sold at a premium to net asset value (when calculated at par cum income and after associated costs).

## Current Positioning and Outlook

We have a differentiated approach when thinking about the thematic exposures across the portfolio, as we do not believe the index-led region/country and sector/industry classifications provide helpful insight. The pie chart at the top of page 6 highlights the four key areas which account for the bulk of the Company's investments. The largest, at 39.0% of the portfolio, comprises those stocks that we consider to be less sensitive to the progress of the overall economy. This includes technology stocks as well as consumer staples. The next biggest area is US economic re-emergence, which captures a range of industrial and consumer stocks as well as some potential beneficiaries of higher interest rates. The balance of the portfolio is linked to the continuing progress of emerging markets and the prospect of economic recovery in Europe and Japan.

That we have been able to identify attractive investments across most parts of the world illustrates both the range of growth opportunities available and the extent of the diversification resulting from our 'bottom-up' stock selection process. In short, some six years past the nadir of the global financial crisis, and despite some near term anxieties, we are inclined to an optimistic view of the future.

The principal risks and uncertainties facing the Company are set out on page 16 of this report.

By order of the Board  
JGD Ferguson  
Chairman  
1 December 2015

# The Managers' Core Investment Beliefs

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

## Active Management

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

## Committed Growth Investors

- In the long run, share prices follow fundamentals; growth drives returns.
- We aim to produce a portfolio of stocks with above average growth – this in turn underpins the ability of Monks to add value.
- We have a differentiated approach to growth, focusing on the type of growth that we expect a company to deliver. All equity holdings fall into one of four growth categories – as set out on pages 4 and 5.
- The use of these four 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

- Equities are held in three broad holding sizes – as set out on pages 4 and 5.
- 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.

\* 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.

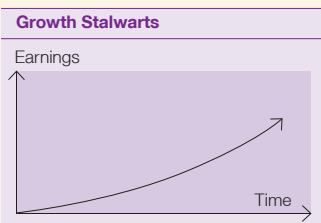
## Equity Portfolio by Growth Category as at 31 October 2015

Holding Size	Growth stalwarts 23.7%		Rapid Growth 31.4%		Cyclical Growth 31.2%	
		%		%		
<b>Highest conviction holdings c.2.0% each</b>	Prudential	3.6	Amazon.com	3.0	Royal Caribbean Cruises	
	SAP	2.0	Naspers	2.5	Markel	
	Anthem	1.9	Alphabet	2.4	TSMC	
			Ryanair	2.2	TD Ameritrade	
				First Republic Bank		
<b>Average sized holdings c.1.0% each</b>	Nestlé	1.5	AIA	1.4	Carmax	
	Visa	1.3	Facebook	1.1	M&T Bank	
	MasterCard	1.2	Baidu	1.1	Wolseley	
	Moody's	1.2	Alibaba	1.1	Martin Marietta Materials	
	Schindler	1.2	TripAdvisor	1.0	EOG Resources	
	Waters	1.0	IP Group	1.0	Harley-Davidson	
	American Express	1.0	Schibsted	1.0	Svenska Handelsbanken	
	Shiseido	0.9	Myriad Genetics	1.0	Atlas Copco	
	Shimano	0.8	Seattle Genetics	0.9	CH Robinson Worldwide	
	Monsanto	0.8	MercadoLibre	0.8	Teradyne	
	Colgate-Palmolive	0.8			SMC	
	Xilinx	0.8				
<b>Incubator holdings c.0.5% each</b>	Qualcomm	0.6	PayPal	0.7	Lincoln Electric	
	Olympus	0.6	ICICI Bank	0.7	Deutsche Boerse	
	Dia	0.6	Tesla Motors	0.7	Brambles	
	Praxair	0.6	Autohome	0.6	Man Group	
	eBay	0.6	Yandex	0.6	Victrex	
	Coca Cola HBC	0.4	MarketAxess	0.6	Rolls Royce	
	Tsingtao Brewery	0.3	Japan Exchange	0.5	Richemont	
			iRobot	0.5	THK	
			Renishaw	0.5	Jardine Matheson	
			Cyberagent	0.5	Hays	
			Softbank	0.5	Ritchie Bros Auctioneers	
			M3	0.4	Volvo	
			GrubHub	0.4	DistributionNOW	
			Qiagen	0.4	Sands China	
			Financial Engines	0.4	Leucadia National	
			Zillow	0.4	SK Hynix	
			Mindray Medical International	0.4	Aggreko	
			HDFC	0.4	Ferro Alloy Resources	
			Anylam Pharmaceuticals	0.4		
			Nanoco	0.3		
			BMF Bovespa	0.3		
			Intuitive Surgical	0.3		
			Stratasys	0.2		
		Twitter	0.2			

Latent Growth 13.7%		Total
%		%
3.7	CRH	2.0
1.8	MS&AD Insurance	1.8
1.7		
1.7		
1.6		
		<b>31.9</b>

1.4	Samsung Electronics	1.1
1.3	Fairfax Financial	1.0
1.2	Inpex	0.8
1.1	Bank of Ireland	0.8
1.1	Sumitomo Mitsui Trust Bank	0.8
1.0		
1.0		
0.9		
0.8		
0.8		
0.8		
		<b>38.8</b>

0.7	Silk Invest Africa Food Fund	0.7
0.7	Carlsberg	0.7
0.7	Fiat Chrysler Autos	0.6
0.7	Howard Hughes	0.6
0.7	Toyota Tsusho	0.5
0.7	Dolby Laboratories	0.5
0.6	Rohm	0.4
0.6	Banco Popular Español	0.4
0.6	MTN	0.3
0.5	Juridica Investments	0.3
0.5	Ultra Petroleum	0.2
0.5	FLIR Systems	0.1
0.4	Doric Nimrod Air One	0.1
0.4	NBNK Investments	-
0.4		
0.3		
0.2		
0.1		
		<b>29.3</b>



c.10% p.a. earnings growth.

### Company Characteristics

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Durable franchise

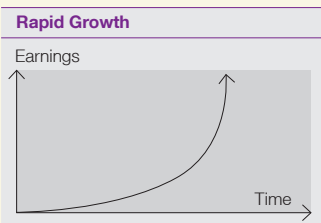
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Deliver robust profitability in most macroeconomic environments

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Competitive advantage includes dominant local scale, customer loyalty and strong brands

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

### Company Characteristics

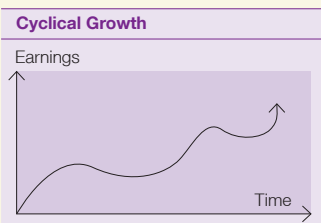
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Early stage businesses with vast growth opportunity

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Innovators attacking existing profit pools or creating new markets

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

### Company Characteristics

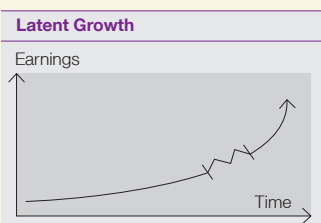
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Subject to macroeconomic and capital cycles with significant structural growth prospects

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Strong management teams highly skilled at capital allocation

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Earnings growth to accelerate over time.

### Company Characteristics

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Company specific catalyst will drive above average earnings in future

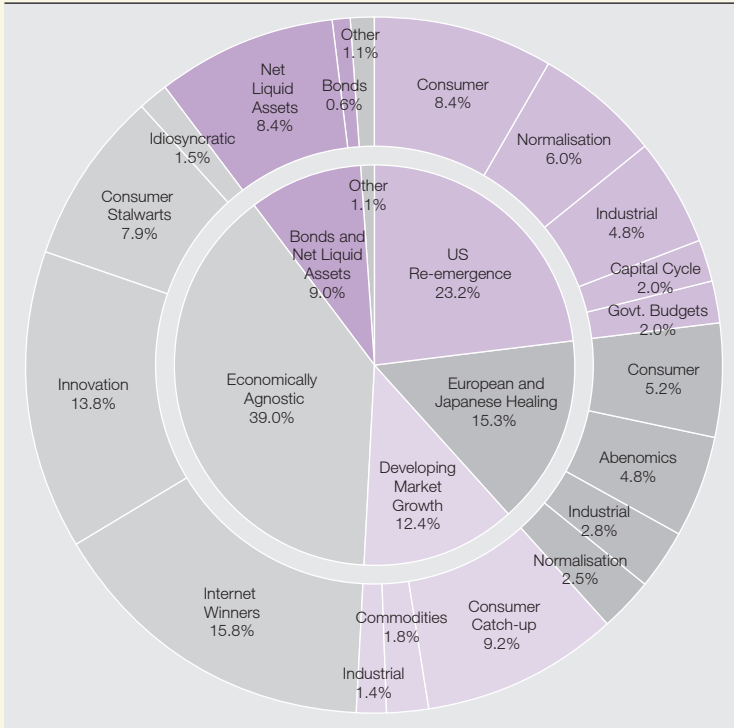
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Unspectacular recent operational performance and therefore out of favour

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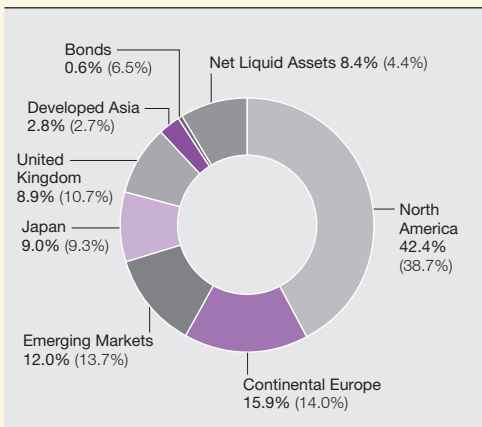
# Portfolio Positioning as at 31 October 2015

## Thematic Risk Categories

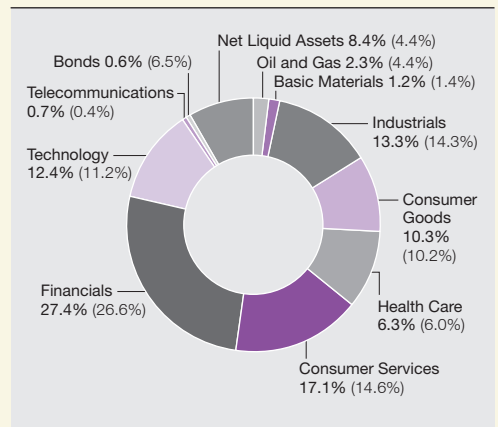


Although our stock picking is resolutely bottom up in nature, we believe that it is essential to understand the underlying risks of each investment and, in turn, where there may be concentrations of exposures. The chart on the left outlines the key exposures of the portfolio. Consistent with our portfolio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

## Geographical at 31 October 2015 (30 April 2015)



## Sector at 31 October 2015 (30 April 2015)





## Thirty Largest Equity Holdings at 31 October 2015

Name	Growth category	Business	Fair value £'000	% of total assets
Royal Caribbean Cruises	Cyclical	Cruise line operator	37,605	3.4
Prudential	Stalwart	International financial services	36,424	3.3
Amazon.com	Rapid	Online retailer	30,446	2.8
Naspers	Rapid	Media and e-commerce	25,328	2.3
Alphabet	Rapid	Online search engine	23,868	2.2
Ryanair	Rapid	Low cost airline	22,411	2.0
SAP	Stalwart	Enterprise software	20,226	1.8
CRH	Latent	Diversified building materials	19,962	1.8
Anthem	Stalwart	Healthcare insurer	19,112	1.7
MS&AD Insurance	Latent	Non-life insurer	18,202	1.6
Markel	Cyclical	Speciality insurance	17,776	1.6
TSMC	Cyclical	Semiconductor manufacturer	17,286	1.6
TD Ameritrade	Cyclical	Online brokerage	16,884	1.5
First Republic Bank	Cyclical	Retail bank	16,189	1.5
Nestlé	Stalwart	Food and beverage producer	15,202	1.4
AIA	Rapid	Insurance	14,298	1.3
Carmax	Cyclical	Sells and retails new and used cars and light trucks	13,753	1.2
Visa	Stalwart	Global electronic payments network	12,846	1.2
M&T Bank	Cyclical	Retail and commercial bank	12,539	1.1
MasterCard	Stalwart	Global electronic payments network	12,110	1.1
Moody's	Stalwart	Credit rating agency	12,093	1.1
Wolseley	Cyclical	Building materials distributor	11,994	1.1
Schindler	Stalwart	Elevator and escalator manufacturer	11,734	1.1
Facebook	Rapid	Social networking	11,519	1.0
Martin Marietta Materials	Cyclical	Cement and aggregates producer	11,510	1.0
Baidu	Rapid	Chinese internet search engine	11,420	1.0
Alibaba	Rapid	Online and mobile commerce	11,391	1.0
Samsung Electronics	Latent	Consumer and industrial electronic equipment	11,160	1.0
EOG Resources	Cyclical	Natural gas explorer and producer	11,037	1.0
TripAdvisor	Rapid	Online travel review platform	10,436	0.9
			<b>516,761</b>	<b>46.6</b>

## Income Statement (unaudited)

	For the six months ended 31 October 2015		
	Revenue £'000	Capital £'000	Total £'000
Gains on sales of investments	–	11,056	<b>11,056</b>
Changes in investment holding gains and (losses)	–	(49,791)	<b>(49,791)</b>
Currency gains	–	1,104	<b>1,104</b>
Income from investments and interest receivable	6,925	–	<b>6,925</b>
Investment management fee (note 3)	(2,316)	–	<b>(2,316)</b>
Other administrative expenses	(566)	–	<b>(566)</b>
<b>Net return before finance costs and taxation</b>	4,043	(37,631)	<b>(33,588)</b>
Finance costs of borrowings	(1,604)	–	<b>(1,604)</b>
<b>Net return on ordinary activities before taxation</b>	2,439	(37,631)	<b>(35,192)</b>
Tax on ordinary activities	(545)	–	<b>(545)</b>
<b>Net return on ordinary activities after taxation</b>	<b>1,894</b>	<b>(37,631)</b>	<b>(35,737)</b>
<b>Net return per ordinary share</b> (note 4)	<b>0.89p</b>	<b>(17.59p)</b>	<b>(16.70p)</b>
Note: Dividends per share paid and payable in respect of the period (note 5)	<b>0.50p</b>		

For the six months ended 31 October 2014			For the year ended 30 April 2015		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	30,760	<b>30,760</b>	–	245,937	<b>245,937</b>
–	7,291	<b>7,291</b>	–	(146,662)	<b>(146,662)</b>
–	2,063	<b>2,063</b>	–	4,892	<b>4,892</b>
9,647	–	<b>9,647</b>	20,215	–	<b>20,215</b>
(2,292)	–	<b>(2,292)</b>	(4,668)	–	<b>(4,668)</b>
(516)	–	<b>(516)</b>	(1,087)	–	<b>(1,087)</b>
6,839	40,114	<b>46,953</b>	14,460	104,167	<b>118,627</b>
(1,291)	–	<b>(1,291)</b>	(2,846)	–	<b>(2,846)</b>
5,548	40,114	<b>45,662</b>	11,614	104,167	<b>115,781</b>
(433)	–	<b>(433)</b>	(1,065)	–	<b>(1,065)</b>
<b>5,115</b>	<b>40,114</b>	<b>45,229</b>	<b>10,549</b>	<b>104,167</b>	<b>114,716</b>
<b>2.26p</b>	<b>17.74p</b>	<b>20.00p</b>	<b>4.74p</b>	<b>46.84p</b>	<b>51.58p</b>
<b>0.50p</b>			<b>3.95p</b>		

The total column of this statement is the profit and loss account of the Company.  
All revenue and capital items in this statement derive from continuing operations.

## Balance Sheet (unaudited)

	At 31 October 2015 £'000	At 30 April 2015 £'000
<b>Fixed assets</b>		
Investments held at fair value through profit or loss (note 6)	1,010,404	1,096,625
<b>Current assets</b>		
Debtors	4,408	2,032
Cash and short term deposits	90,998	50,815
	95,406	52,847
<b>Creditors</b>		
Amounts falling due within one year:		
Bank loan (note 7)	(83,168)	(84,284)
Other creditors	(2,409)	(1,852)
	(85,577)	(86,136)
<b>Net current assets/(liabilities)</b>	9,829	(33,289)
<b>Total assets less current liabilities</b>	1,020,233	1,063,336
<b>Creditors</b>		
Amounts falling due after more than one year:		
Debenture stock (note 7)	(39,761)	(39,745)
<b>Net assets</b>	<b>980,472</b>	<b>1,023,591</b>
<b>Capital and reserves</b>		
Called up share capital	10,698	10,698
Share premium	11,100	11,100
Capital redemption reserve	8,700	8,700
Capital reserve	906,327	943,958
Revenue reserve	43,647	49,135
<b>Shareholders' funds</b>	<b>980,472</b>	<b>1,023,591</b>
<b>Net asset value per ordinary share</b> (after deducting borrowings at fair value) (note 7)	<b>455.9p</b>	<b>476.0p</b>
<b>Net asset value per ordinary share</b> (after deducting borrowings at par)	<b>458.1p</b>	<b>478.3p</b>
<b>Ordinary shares in issue</b> (note 8)	<b>213,963,859</b>	<b>213,963,859</b>

## Statement of Changes in Equity (unaudited)

### For the six months ended 31 October 2015

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve * £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 May 2015	10,698	11,100	8,700	943,958	49,135	<b>1,023,591</b>
Net return on ordinary activities after taxation	–	–	–	(37,631)	1,894	<b>(35,737)</b>
Shares purchased for cancellation (note 8)	–	–	–	–	–	–
Dividends paid during the period (note 5)	–	–	–	–	(7,382)	<b>(7,382)</b>
<b>Shareholders' funds at 31 October 2015</b>	<b>10,698</b>	<b>11,100</b>	<b>8,700</b>	<b>906,327</b>	<b>43,647</b>	<b>980,472</b>

### For the six months ended 31 October 2014

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve * £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 May 2014	11,394	11,100	8,004	894,882	47,516	<b>972,896</b>
Net return on ordinary activities after taxation	–	–	–	40,114	5,115	<b>45,229</b>
Shares purchased for cancellation	(208)	–	208	(15,905)	–	<b>(15,905)</b>
Dividends paid during the period (note 5)	–	–	–	–	(7,824)	<b>(7,824)</b>
<b>Shareholders' funds at 31 October 2014</b>	<b>11,186</b>	<b>11,100</b>	<b>8,212</b>	<b>919,091</b>	<b>44,807</b>	<b>994,396</b>

\* The Capital Reserve balance at 31 October 2015 includes holding gains on investments of £26,924,000 (31 October 2014 – gains of £230,668,000).

## Condensed Cash Flow Statement (unaudited)

	Six months to 31 October 2015 £'000	Six months to 31 October 2014 £'000
<b>Cash flows from operating activities</b>		
Net return on ordinary activities before taxation	(35,192)	45,662
Net losses/(gains) on investments	38,735	(38,051)
Currency gains	(1,104)	(2,063)
Amortisation of fixed income book cost	(159)	(235)
Finance costs of borrowings	1,604	1,291
Overseas tax incurred	(527)	(430)
Changes in debtors and creditors	103	(80)
<b>Cash from operations</b>	3,460	6,094
Interest paid	(1,451)	(1,275)
<b>Net cash inflow from operating activities</b>	2,009	4,819
<b>Net cash inflow from investing activities</b>	45,568	21,001
Equity dividends paid (note 5)	(7,382)	(7,824)
Shares bought back	–	(14,094)
<b>Net cash outflow from financing activities</b>	(7,382)	(21,918)
<b>Increase in cash and cash equivalents</b>	40,195	3,902
Exchange movements	(12)	2,063
Cash and cash equivalents at start of period	50,815	41,592
<b>Cash and cash equivalents at end of period*</b>	<b>90,998</b>	<b>47,557</b>

\* Cash and cash equivalents represent cash at bank and short term money markets deposits repayable on demand.

## Notes to the Condensed Financial Statements (unaudited)

- 1 The condensed financial statements for the six months to 31 October 2015 comprise the statements set out on pages 8 to 12 together with the related notes on pages 13 to 15. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the AIC's Statement of Recommended Practice issued in November 2014 and have not been audited or reviewed by the Auditors pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information'. The Company has adopted FRS 102 for its financial year ending 30 April 2016. The application of the new reporting standards and the AIC's Statement of Recommended Practice has had no impact on the Company's Income Statement, Balance Sheet or Statement of Changes in Equity (previously called the Reconciliation of Movements in Shareholders' Funds) for periods previously reported. The Condensed Cash Flow Statement has been restated to reflect presentational changes required and does not include any other material changes. The financial statements for the six months to 31 October 2015 have been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements at 30 April 2015.

### Going Concern

Having considered the nature of the Company's assets, its liabilities, projected income and expenditure together with the Company's investment objectives and principal risks and uncertainties, as set out on page 16, it is the Directors' opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. The Board approves borrowing and gearing limits and reviews regularly the amounts of any borrowings and the level of gearing as well as compliance with borrowing covenants. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements and confirm that they are not aware of any material uncertainties which may affect its ability to continue to do so.

- 2 The financial information contained within this Interim Financial Report does not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006. The financial information for the year ended 30 April 2015 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditors' Report on those accounts was unqualified and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.
- 3 Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed by the Company as its Alternative Investment Fund Manager (AIFM) and Company Secretary. The investment management function has been delegated to Baillie Gifford & Co. The management agreement can be terminated on six months' notice. The annual management fee is 0.45% of total assets less current liabilities, calculated quarterly.

	Six months to 31 October 2015 £'000	Six months to 31 October 2014 £'000	Year to 30 April 2015 £'000
<b>4 Net return per ordinary share</b>			
Revenue return on ordinary activities after taxation	1,894	5,115	10,549
Capital return on ordinary activities after taxation	(37,631)	40,114	104,167
<b>Total net return</b>	<b>(35,737)</b>	<b>45,229</b>	<b>114,716</b>

Net return per ordinary share is based on the above totals of revenue and capital and on 213,963,859 (31 October 2014 – 226,115,154; 30 April 2015 – 222,374,615) ordinary shares, being the weighted average number of ordinary shares in issue during each period.

There are no dilutive or potentially dilutive shares in issue.

## Notes to the Condensed Financial Statements (unaudited)

	Six months to 31 October 2015 £'000	Six months to 31 October 2014 £'000	Year to 30 April 2015 £'000
<b>5 Dividends</b>			
<b>Amounts recognised as distributions in the period:</b>			
Previous year's final dividend of 3.45p (2014 – 3.45p), paid 7 August 2015	7,382	7,824	7,824
Interim dividend for the year ended 30 April 2015 of 0.50p, paid 30 January 2015	–	–	1,106
	<b>7,382</b>	<b>7,824</b>	<b>8,930</b>
<b>Amounts paid and payable in respect of the period:</b>			
Adjustment to previous year's final dividend re shares bought back	–	(38)	(38)
Interim dividend for the year ending 30 April 2016 of 0.50p (2015 – 0.50p)	1,070	1,119	1,106
Final dividend (2015 – 3.45p)	–	–	7,382
	<b>1,070</b>	<b>1,081</b>	<b>8,450</b>

The interim dividend was declared after the period end date and has therefore not been included as a liability in the balance sheet. It is payable on 29 January 2016 to shareholders on the register at the close of business on 8 January 2016. The ex dividend date is 7 January 2016. The Company operates a Dividend Reinvestment Plan and the final date for elections for reinvestment of this dividend is 15 January 2016.

## 6 Fair Value Hierarchy

The Company's investments are financial assets designated at fair value through profit or loss on initial recognition. In accordance with FRS102 and FRS104, fair value measurements have been classified using the following fair value hierarchy:

Level A – Quoted prices for identical instruments in active markets;

Level B – Prices of a recent transaction for identical instruments;

Level C – Valuation techniques that use:

- (i) observable market data; or
- (ii) Non-observable data.

An analysis of the Company's financial asset investments based on the fair value hierarchy described above is shown on page 15.



## 6 Fair Value Hierarchy (continued)

### Investments held at fair value through profit or loss

As at 31 October 2015	Level A £'000	Level B £'000	Level C £'000	Total £'000
Listed equities	994,764	–	–	<b>994,764</b>
Unlisted equities	–	–	8,483	<b>8,483</b>
Unlisted debt securities	–	–	7,157	<b>7,157</b>
<b>Total financial asset investments</b>	<b>994,764</b>	<b>–</b>	<b>15,640</b>	<b>1,010,404</b>

As at 30 April 2015	Level A £'000	Level B £'000	Level C £'000	Total £'000
Listed equities	1,012,525	464	–	<b>1,012,989</b>
Listed debt securities	55,123	–	–	<b>55,123</b>
Unlisted equities	–	–	9,241	<b>9,241</b>
Unlisted debt securities	–	–	19,272	<b>19,272</b>
<b>Total financial asset investments</b>	<b>1,067,648</b>	<b>464</b>	<b>28,513</b>	<b>1,096,625</b>

There have been no transfers between levels of the fair value hierarchy during the period. The fair value of listed investments is bid price or, in the case of FTSE 100 constituents or holdings on certain recognised overseas exchanges, last traded price. They are categorised as level A if they trade in an active market and level B if they are traded on a market which is not considered to be active. The fair value of unlisted investments is determined using valuation techniques, determined by the Directors, based upon observable and/or non-observable data such as latest dealing prices, stockbroker valuations, net asset values and other information, as appropriate. The Company's holdings in unlisted investments are categorised as level C(ii) as the valuation techniques applied include the use of on-observable data.

- 7** At 31 October 2015 the book value of the Company's borrowings amounted to £123m (30 April 2015 – £124m). This comprised a £40m 6% debenture stock repayable in 2023 (30 April 2015 – £40m) and a short term bank loan of ¥15.5bn (30 April 2015 – ¥15.5bn), of which ¥10bn was repaid shortly after the period end.

The fair value of borrowings at 31 October 2015 was £128m (30 April 2015 – £129m).

- 8** The Company did not buyback any ordinary shares during the period under review. At 31 October 2015 the Company had the authority to buy back a further 32,073,182 shares.
- 9** Transaction costs on purchases amounted to £166,000 (31 October 2014 – £141,000; 30 April 2015 – £1,154,000) and transaction costs on sales amounted to £40,000 (31 October 2014 – £105,000; 30 April 2015 – £471,000).

## Principal Risks and Uncertainties

The principal risks facing the Company are financial risk, regulatory risk, operational risk, discount volatility and leverage risk. An explanation of these risks and how they are managed is set out on pages 15 and 16 of the Company's Annual Report and Financial Statements for the year to 30 April 2015 which is available on the Company's website: [www.monksinvestmenttrust.co.uk](http://www.monksinvestmenttrust.co.uk). The principal risks and uncertainties have not changed since the date of that report.

## Responsibility Statement

We confirm that to the best of our knowledge:

- a) the condensed set of financial statements has been prepared in accordance with FRS 104 'Interim Financial Reporting';
- b) the Interim Management Report includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7R (indication of important events during the first six months, and their impact on the financial statements, and a description of principal risks and uncertainties for the remaining six months of the year); and
- c) the Interim Financial Report includes a fair review of the information required by Disclosure and Transparency Rules 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board  
JGD Ferguson  
Chairman  
1 December 2015

## Further Shareholder Information

Monks' shares are traded on the London Stock Exchange. They can be bought through a stockbroker, by asking a professional adviser to do so, or through the Baillie Gifford savings vehicles.

### Baillie Gifford's Investment Trust Share Plan

You can invest a minimum of £250 or from £30 per month. The plan is designed to be a cost-effective way of saving on a lump sum or regular basis.

### Baillie Gifford's Investment Trust ISA

You can invest in a tax efficient way by investing a minimum of £2,000 or from £100 per month or by transferring an ISA with a value of at least £2,000 from your existing manager.

### Baillie Gifford's Children's Savings Plan

A cost-effective plan tailored especially to meet the requirements to save for children. You can invest a minimum of £100 or from £25 per month.

### Online Management Service

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

- obtain current valuations;
- make lump sum investments, except where there is more than one holder;
- sell part or all of your holdings, except where there is more than one holder;
- switch between investment trusts, except where there is more than one holder; and
- update certain personal details e.g. address and telephone number.

\* Please note that a Bare Trust cannot be opened via OMS. A Bare Trust application form must be completed.

The information about the ISA, Share Plan and Children's Savings Plan has been approved by Baillie Gifford Savings Management Limited ('BGSM'). BGSM is the ISA Manager and is the Manager of the Share Plan and Children's Savings Plan. BGSM is wholly owned by Baillie Gifford & Co. Both are authorised and regulated by the Financial Conduct Authority. Baillie Gifford only provides information about its products and does not provide investment advice.

### Risk Warnings

Past performance is not a guide to future performance.

Monks is a listed UK Company. The value of its shares and any income from them can fall as well as rise and investors may not get back the amount invested.

Monks invests in overseas securities. Changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.

Market values for securities which have become difficult to trade may not be readily available, and there can be no assurance that any value assigned to such securities will accurately reflect the price Monks might receive upon their sale.

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

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

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

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

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

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

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

Details of other risks that apply to investment in the savings vehicles are contained in the product brochures. Further details of the risks associated with investing in the Company, including how charges are applied, can be found at [www.monksinvestmenttrust.co.uk](http://www.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.

## Directors

Chairman:  
JGD Ferguson

CC Ferguson  
EM Harley  
DCP McDougall  
KS Sternberg  
JJ Tigue

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## Managers and Secretaries

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## Company Details

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Ticker MNKS

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