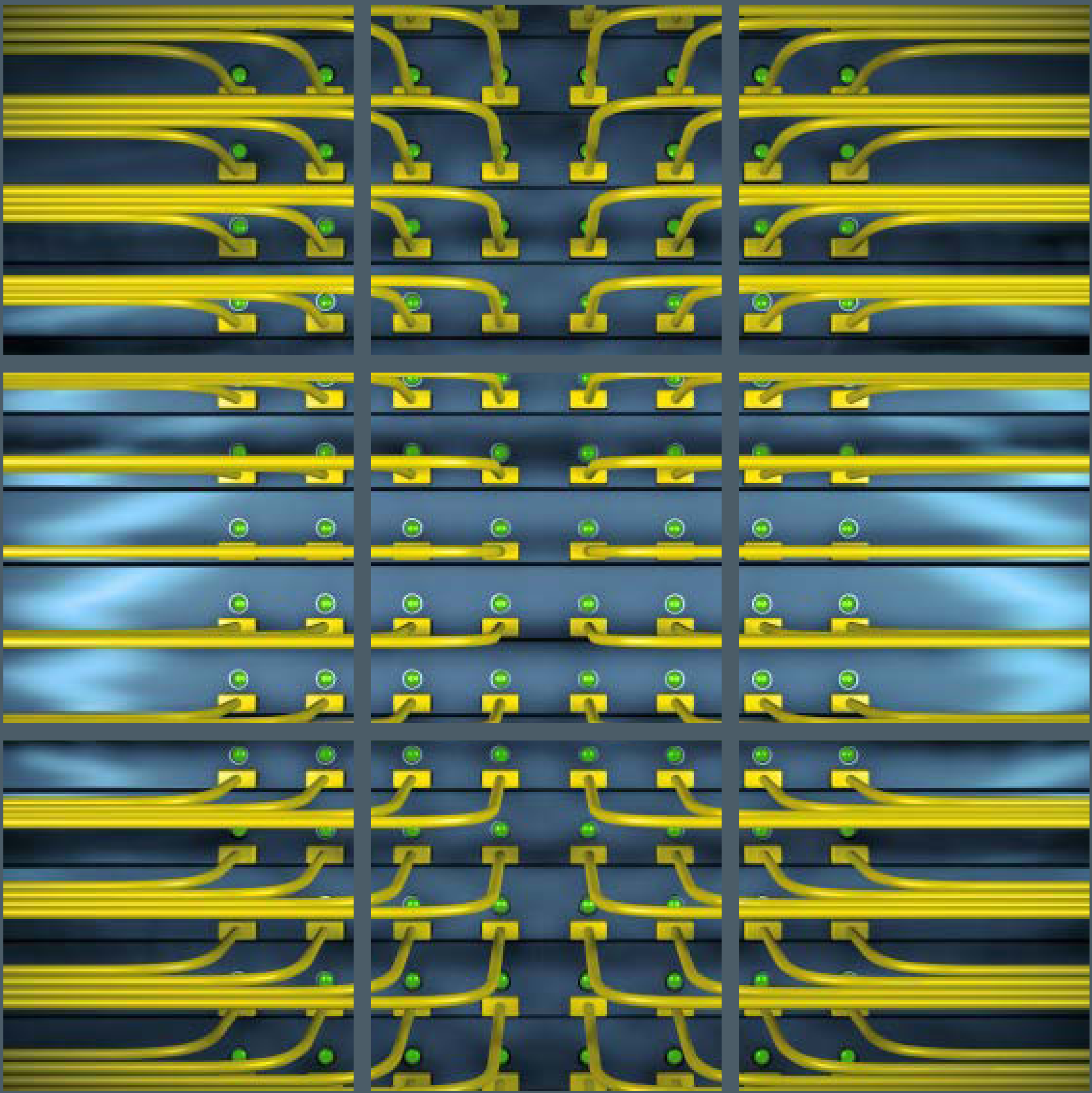
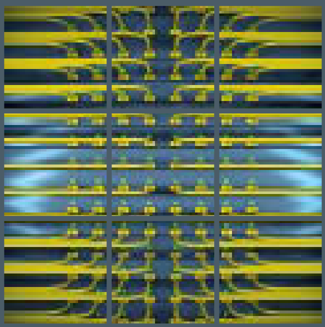
THE MONKS INVESTMENT TRUST PLC

Global growth from
different perspectives



Annual Report and Financial Statements
30 April 2016

BAILLIE GIFFORD



Front cover
A Rack with Computer switches and yellow network cables. The rise of technology platforms is changing and disrupting many areas of commerce, and just over 17% of the Company's investments are in businesses we believe to be internet winners.

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.

Contents

Investor Disclosure Document

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

Notes

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

Investment trusts are UK public listed companies and as such comply with the requirements of the UK Listing Authority. They are not authorised or regulated by the Financial Conduct Authority (FCA).

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

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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

Total Return Performance

To 30 April 2016

	1 year	3 years	5 years	10 years
NAV*	(0.4%)	18.4%	21.8%	60.9%
Share Price	(1.3%)	23.5%	23.0%	64.6%
FTSE World Index†	0.5%	26.7%	49.9%	95.4%

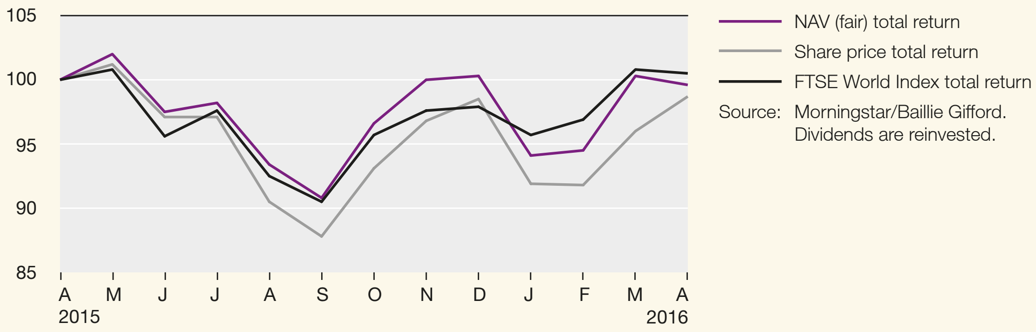
Source: Baillie Gifford/Morningstar.

Discount, Charges and Active Share

	2016	2015
Discount#	9.5%	8.6%
Ongoing Charges‡	0.59%	0.58%
Active Share¶	93%	93%

Total Return Performance

Year to 30 April 2016



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

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

With borrowings deducted at fair value.

‡ Ongoing charges represents total operating costs, including management fees as set out in note 3 on page 38, divided by average net assets (with debt at fair value).

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

Past performance is not a guide to future performance.

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

Chairman's Statement

In March 2015 the Board announced a change to the management team responsible for Monks, with a switch to Baillie Gifford's Global Alpha team led by Charles Plowden. The Managers describe their investment approach on pages 3 to 5 of this report. In short, they focus their attention on companies expected to grow at an above average rate over periods of 5 years or more and build a diversified portfolio of the best ideas drawn from across Baillie Gifford's 96 investment professionals. They have followed and refined this approach since 2005 and have established a strong performance record. We believe this is a natural fit with our investment policy and objective which remains long-term capital growth from global equities.

Following the significant reorganisation of the portfolio which took place in April 2015 there have been relatively modest further changes to the equity portfolio, which is discussed more fully in the Managers' Report. The main change has been to the Balance Sheet with the Managers increasing the Company's exposure to equities through the use of borrowings and the sale of the US Treasury bond. Some gearing was invested opportunistically across the existing portfolio of stocks following the market's sharp declines in September 2015 and again in January 2016, at which time the Company repaid its ¥15.5bn loan and replaced it with a five year multi-currency revolving credit facility, drawing US$67.5m. As at the financial year end, the Company's equity gearing stood at 6.2% compared to nil a year ago, with effective gearing (including bonds) at 6.9%.

The Managers have been active in presenting the new approach to existing shareholders and to prospective investors in the Company. No shares were bought back during the year, for the first time since 2004, and the discount (at fair value) ended the financial year modestly higher at 9.5% compared to 8.6% at the prior year end. It is too early to judge the success of this new approach, which is about long-term investment, but we are encouraged by the quality of our portfolio and we are optimistic about its prospects.

Performance

In the year to 30 April 2016 the net asset value total return (capital and income), with borrowings at fair value, was minus 0.4% and the total return for the FTSE World Index was a positive 0.5%. The share price total return was minus 1.3% after the slight widening in the discount. For a discussion of performance please see the Managers' Report on pages 4 and 5.

Earnings and Dividend

As flagged at the interim stage, earnings per share for the financial year, 2.31p, were notably lower than the 4.74p of the previous year, a decrease of 51%. We are recommending a final dividend of 1p, the minimum required to maintain investment trust status. Together with the interim (0.5p) already paid, this makes the total dividend for the year 1.5p, a decrease of 62% from the 3.95p paid last year. Future dividends will be paid by way of a single final payment, reflecting our priority which is capital growth.

Buybacks, Treasury and Discount

We monitor the level of discount and have authorised the repurchase of shares when deemed appropriate. In future, any shares bought back are likely to be held in Treasury rather than cancelled automatically, as has been the case historically. At this year's Annual General Meeting the authority of shareholders is being sought to enable the Company to re-sell shares held in Treasury at a premium to the prevailing net asset value per share (further details are set out in the Directors' Report on page 19). This means that any issuance would increase the net asset value per share for existing shareholders.

Outlook and Portfolio

Our portfolio is constructed on a 'bottom-up' basis, with the strength of each individual investment case determining whether any stock should be held and in what size. Diversification is across growth types (as highlighted on pages 6 and 7) and the allocation to industries and regions is a function of where the portfolio managers identify the most attractive investment ideas.

The resulting portfolio consists of a wide range of stocks from all around the world. Indeed, the Managers currently feel the choice of investments which meet their growth criteria is as wide as it has been at any point over the last decade. The diversity of opportunities is healthy and is enhanced by rapid technological progress across a range of industries. With over 40% of the portfolio considered to be economically agnostic, it has a broad balance which ought to serve shareholders well over time and in most scenarios. Following the sale of the US Treasury bond in October 2015, listed equities now account for over 97% of total assets. Further information on the portfolio in various forms is shown on pages 6 to 11.

The Board

Carol Ferguson will be retiring at the forthcoming Annual General Meeting. We are grateful for her very considerable contribution to Monks over the last thirteen years.

AGM

I would encourage shareholders to attend the Annual General Meeting, which will be held on 3 August 2016 at 11.00am at the Institute of Directors (see map on page 49). Our Managers will give a short presentation and there will be an opportunity to ask questions and to meet them and the Directors informally.

James Ferguson
15 June 2016

Past performance is not a guide to future performance.

The Managers' Core Investment Beliefs

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

Active Management

- We invest in attractive companies using a 'bottom-up' investment process. Macroeconomic forecasts are of 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 vary – sometimes substantially and often for prolonged periods.

Committed Growth Investors

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

Long-term Perspective

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

Dedicated Team with Clear Decision-making Process

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

Portfolio Construction

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

Low Cost

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

* See Glossary of Terms on page 55.

Managers' Report

Performance

The year to end April 2016 was a volatile time for stock markets. The FTSE World index returned a pedestrian 0.5%, suggesting a lot of huffing and puffing for little reward. During the summer of 2015 commentators fretted about Chinese growth and its effect on the world economy. As the end of 2015 approached, these worries were repeated along with fears over the prospect of rising US interest rates and continued weakness in oil and other commodity prices. This led to a turbulent few weeks for markets, mainly during December and January.

Our job, as long-term investors, is to look past short-term headlines and identify those businesses that can sustainably grow their cash flows and earnings at above average rates. This perspective allows us to place short-term news and events firmly in context, stick to our approach, and add value over the long term, using gearing to take advantage of indiscriminate market weakness by buying equities at attractive valuations.

During the year to April Monks net asset value, with borrowings at fair value, returned minus 0.4%, with the second half of the period being a challenging environment with a number of our holdings suffering amidst worries about global growth. Particularly affected were companies with exposure to Asian consumption and those which had performed strongly earlier in the year. Not surprisingly, the few energy companies the portfolio did own, such as Ultra Petroleum and Inpex, performed poorly and both have been sold.

Many of the top contributors have come from our enthusiasm for the growth of the US economy – such as Royal Caribbean Cruises, Markel, the specialist insurance provider, and Martin Marietta, a leading US building aggregates supplier, and our enthusiasm for technology – such as the internet giants Amazon, Facebook and Alphabet (formerly Google). Elsewhere Ryanair, Europe's leading low cost airline, produced exceptional operating and share price performance as did Japan's M3, which provides online information for doctors; both demonstrating that great investments can be found within unpromising economies.

If there was any real surprise in these results it was that our performance came in so close to the index return. The portfolio has a high active share (93%), which means that the overlap with the index is low (at 7%), so we would expect very different performance for the portfolio over the long run.

Novo Nordisk – leading in diabetes treatment

Nvidia – advanced graphics chips enabling virtual reality

Portfolio Restructuring

As noted in last year's report, there was a very significant portfolio reorganisation following the change of portfolio management team. Since we settled in the most notable changes have been to the Company's borrowings and an associated change in gearing position.

We view the ability of investment trusts to borrow funds to invest in long-term equities as a key advantage relative to other investment vehicles. We expect Monks to carry positive gearing to equity markets most of the time, typically in the range of 5-15% of shareholders' funds. However, a strong rise in equity markets over previous years had argued for some caution a year ago. Subsequent market volatility provided a welcome opportunity to add to the equity portfolio at significantly lower levels in both September 2015 and January 2016. At the end of April net gearing to equities amounted to 6.2% and we would anticipate taking it higher should markets decline. This seems appropriate given the borrowing cost of our new US dollar loan is around 1.8% per annum, which is well below the historic long term return from equity markets.

Equity Portfolio

If we exclude the sale of the US Treasury bond and the purchase of approximately 7% of the portfolio related to the deployment of gearing, described above, then underlying portfolio turnover during the year was relatively modest, at around 14%, which indicates an average holding period of over 7 years, consistent with our long-term investment approach. This level of turnover means that changes in the split of the portfolio between our growth categories have been minimal. However, reasonably significant trends can be discerned within our 'Growth Stalwart' and 'Rapid Growth' categories.

Historically, global consumer staples companies have made up much of our exposure to Growth Stalwarts, being companies with strong brands, low economic sensitivity and decent growth opportunities especially within developing markets. For many years Nestlé has been pre-eminent amongst such corporations and has been a prominent holding in our portfolios – but we have recently sold it for two main reasons. First, the low level of bond yields worldwide has forced investors into reliable dividend payers, such as Nestlé, in a desperate search for income. This has driven valuations of such low risk, stable equities to unusually high levels. Second, we fear that Nestlé's future growth (and that of a number of its peers) is likely to be more modest than in the past given trends towards healthier eating, weaker demand from a number of markets and already high profit margins. Instead we have been buying into Growth Stalwart companies with higher growth potential such as software company SAP, clinical waste collector Stericycle and the world's leading diabetes care company Novo Nordisk.

Within the Rapid Growth category there has been little change despite strong price performance from a number of our larger holdings such as Amazon, Alphabet, Facebook and Naspers. We increasingly believe that platform and network businesses such as these tend to 'winner takes all' outcomes as greater scale reduces costs and increases utility; as a result we sold Twitter and reduced eBay, both of which are falling further behind their respective market leaders, Facebook and Amazon, respectively. We have continued to add new holdings, taking smaller incubator (around 0.5%) positions in Nvidia, which designs graphic chips for advanced computing including virtual reality, Autohome, a Chinese online car portal, and Grubhub, which is involved with online ordering and physical delivery of takeaway meals. Such companies face considerable challenges and risks but offer very significant potential upside should they succeed and this asymmetry of returns is what we are explicitly trying to capture.

Kirby – largest tank barge operator in the US

In our two other categories, 'Cyclical Growth' and 'Latent Growth', there were no discernible structural shifts. We did, however, continue to sell companies when we believed the prospects were correctly priced in by the market or where the investment case was not materialising as hoped. The funds were used to purchase companies with more exciting prospects and greater share price upside. New holdings include train equipment manufacturer Wabtec, the Macau hotel and casino operator Sands China, Swiss conglomerate OC Oerlikon and US barge operator Kirby.

Past performance is not a guide to future performance.

Outlook

Whilst picking individual stocks remains at the heart of what we do, there are three broad exposures about which we are enthusiastic. The first is Asian consumption: with 100m consumers entering the Asian middle class every year there is a good deal of opportunity for companies in China and beyond to grow strongly. Second is the underlying growth of the US economy, which received another fillip in 2015 as lower gasoline prices had the effect of a meaningful tax cut. The third exposure is related to companies that use technology and innovation to disrupt existing traditional business models – online businesses, the use of the cloud, better use of data which is being crunched by ever more advanced computers and the prevalence of mobile telephony; all are creating some major changes in the world to the advantage of many new emerging businesses.

The Company's top holdings reflect these enthusiasms. Prudential (life insurance & wealth management) generates 57% of its new business profits from Asia where it has leading positions in many countries in the region built on its strengths in distribution and product design. The US recovery is represented by Royal Caribbean Cruises (cruise holidays are very popular with Americans), CRH (an Irish domiciled building materials company with extensive US interests) and CarMax (US second hand car retailer). Examples of technology companies include Amazon, Alphabet (formerly Google, the world's biggest search engine), SAP (software for business customers) and TSMC (the largest semi-conductor fabrication company in the world).

The portfolio now reflects many of the very best ideas from across the globe, researched by a wide range of our colleagues across the different investment teams within Baillie Gifford. We believe the portfolio is set to grow at an above-average rate, even in an environment of only modest economic expansion. The broad spread of investments ensures a natural diversification while the clear structure of the portfolio provides a framework which helps both analysis and decision making. There will be periods when fundamentals are not reflected in shareholder returns, such as when our growth style is out of favour. However, we remain confident that our process will create significant value for investors over the long term.

Charles Plowden
Spencer Adair
Malcolm MacColl

Equity Portfolio by Growth Category

As at 30 April 2016

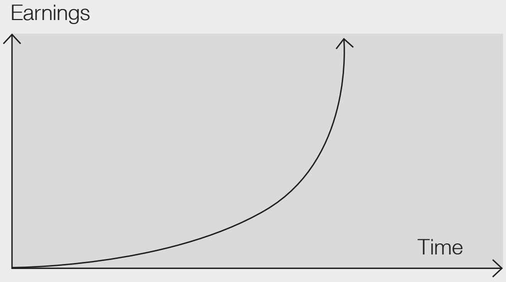
Growth Stalwarts

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

Rapid Growth



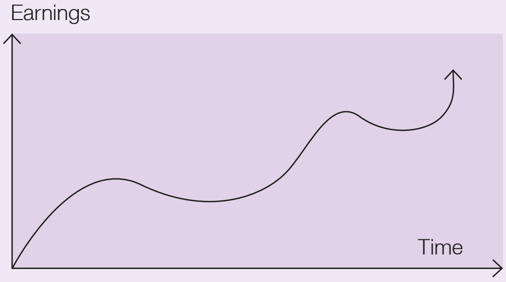
c.15% to 25% p.a. earnings growth

Company characteristics

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

	Growth Stalwarts	%	Rapid Growth	%
Highest conviction holdings c.2.0% each	Prudential	3.5	Amazon.com	3.3
	SAP	2.1	Naspers	2.5
	Anthem	2.0	Alphabet	2.4
	Moody’s	1.7	Ryanair	1.9
Average sized holdings c.1.0% each	Schindler	1.3	AIA	1.4
	Visa	1.3	Facebook	1.4
	MasterCard	1.2	Baidu	1.2
	American Express	0.9	ICICI Bank	1.1
	Colgate-Palmolive	0.9	Softbank	1.1
	Monsanto	0.8	Alibaba	1.0
	Bureau Veritas	0.8	MercadoLibre	1.0
	Waters	0.8	Myriad Genetics	0.9
	Shimano	0.8	Schibsted	0.9
	Olympus	0.8	Tesla Motors	0.8
	Novo Nordisk	0.7	Yandex	0.8
	Stericycle	0.7	TripAdvisor	0.8
			Seattle Genetics	0.8
			HDFC	0.7
			MarketAxess	0.7
			IP Group	0.7
			iRobot	0.7
Incubator holdings c.0.5% each	Praxair	0.6	M3	0.6
	Qualcomm	0.5	Cyberagent	0.6
	Dia	0.5	BMF Bovespa	0.6
	eBay	0.5	Japan Exchange	0.5
	Tsingtao Brewery	0.2	Autohome	0.5
	Coca Cola HBC	0.1	GrubHub	0.5
			Renishaw	0.5
			Nvidia	0.4
			Financial Engines	0.4
			Alnylam Pharmaceuticals	0.4
			Qiagen	0.4
			Zillow	0.4
			Intuitive Surgical	0.3
			Nanoco	0.2
			Stratasys	0.2
			Ferrari	0.2
	Total in this growth category	**22.7%**	**Total in this growth category**	**32.8%**

Cyclical Growth



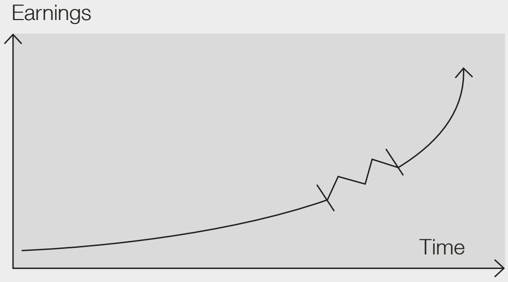
c.10% to 15% p.a. earnings growth through a cycle

Company characteristics

Subject to macroeconomic and capital cycles with significant structural growth prospects

Strong management teams highly skilled at capital allocation

Latent Growth



Earnings growth to accelerate over time

Company characteristics

Company specific catalyst will drive above average earnings in future

Unspectacular recent operational performance and therefore out of favour

Cyclical Growth		Latent Growth	
Royal Caribbean Cruises	2.9	CRH	2.7
TSMC	1.9	MS&AD Insurance	1.8
Markel	1.8		
CarMax	1.8		
First Republic Bank	1.7		

Total in this holding size 34.0%

Cyclical Growth		Latent Growth	
TD Ameritrade	1.5	Apache	1.2
Martin Marietta Materials	1.3	Samsung Electronics	1.1
Wolseley	1.1	Fairfax Financial	1.0
EOG Resources	1.0	Carlsberg	0.8
Richemont	1.0	Sberbank of Russia	0.7
Svenska Handelsbanken	0.9	Dolby Laboratories	0.7
Hays	0.9	Bank of Ireland	0.7
Brambles	0.9		
Atlas Copco	0.9		
CH Robinson Worldwide	0.9		
SMC	0.8		
Teradyne	0.8		
Lincoln Electric	0.8		
Wabtec	0.7		

Total in this holding size 46.7%

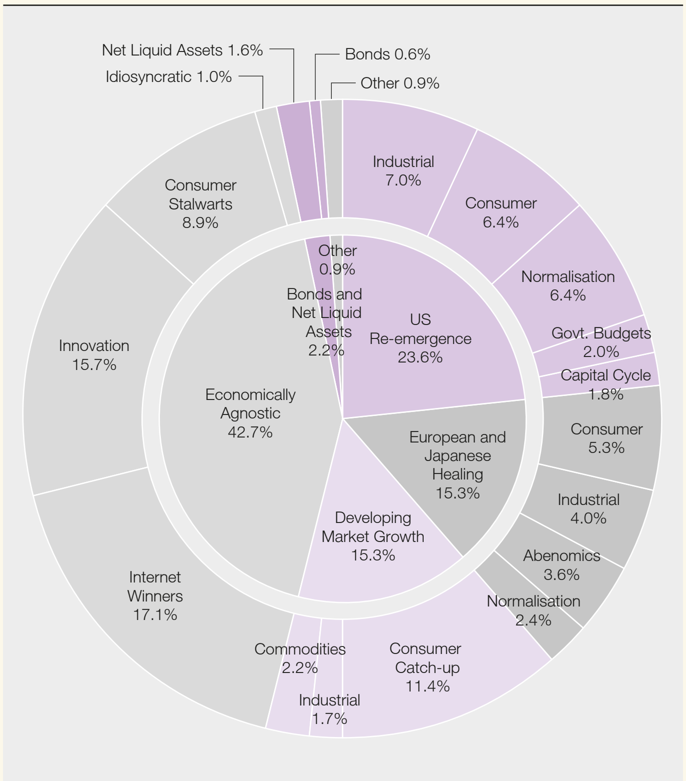
Cyclical Growth		Latent Growth	
THK	0.6	Silk Invest Africa Food Fund	0.6
Rolls Royce	0.6	Toyota Tsusho	0.5
Deutsche Boerse	0.6	Kirby	0.5
Ritchie Bros Auctioneers	0.6	Veeco Instruments	0.5
Jardine Matheson	0.6	Howard Hughes	0.5
Volvo	0.5	Rohm	0.4
DistributionNOW	0.5	OC Oerlikon	0.4
Victrex	0.5	Fiat Chrysler Autos	0.3
Sands China	0.4	MTN	0.3
Leucadia National	0.3	Banco Popular Español	0.3
SK Hynix	0.2	Juridica Investments	0.1
Aggreko	0.2	Doric Nimrod Air One	0.1
Ferro Alloy Resources	0.1		
Total in this growth category	**29.3%**	**Total in this growth category**	**15.2%**

Total in this holding size 19.3%

Portfolio Positioning

As at 30 April 2016

Thematic Risk Categories



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

— 42.7% of stocks are those which we classify as economically agnostic. Here we include businesses which we believe to be innovation leaders in their particular fields, such as the healthcare companies Alnylam Pharmaceuticals and Myriad Genetics, or the internet giants Alibaba and Facebook. We also have a selection of Stalwart Growth businesses, including Colgate-Palmolive and MasterCard.

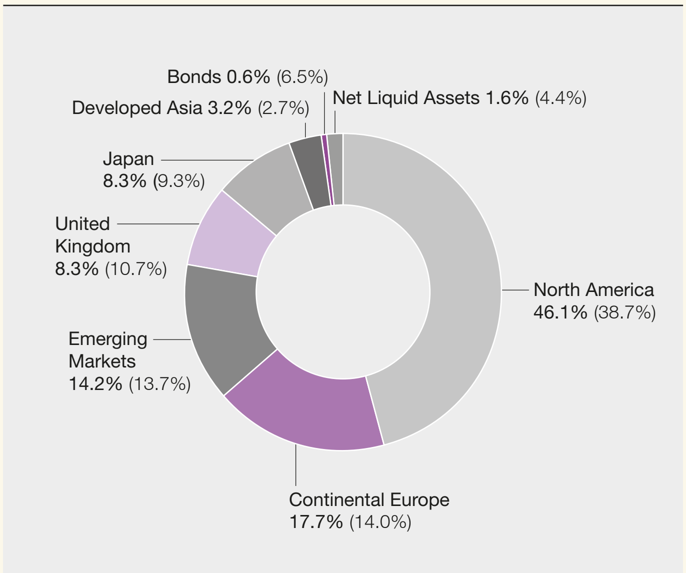
— 23.6% is invested in stocks we have identified to be the beneficiaries of the continued economic recovery of the United States. These holdings are spread across different areas of the economy from an industrial business like Martin Marietta, a leading US aggregates supplier, to the consumer company, Royal Caribbean Cruises.

— 15.3% is exposed to potential healing within Europe and Japan. Examples in the former include Ryanair and Swiss industrial group OC Oerlikon, and, in the latter, financial groups MS&AD and Japan Exchange.

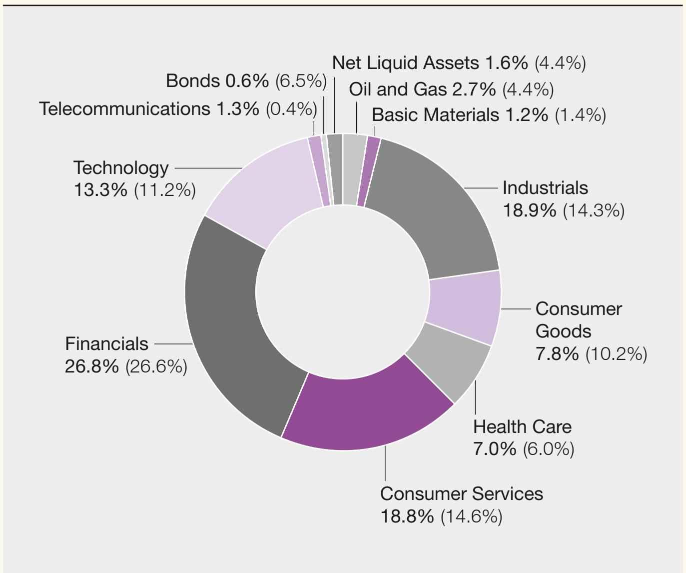
— 15.3% of the portfolio is exposed to the long term growth trends within developing markets, particularly Asia. Examples include the insurance group AIA and Chinese search engine Baidu.

— The remaining 3.1% is predominantly comprised of bonds and net liquid assets.

Geographical 2016 (2015)



Sector 2016 (2015)



List of Investments

As at 30 April 2016

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities					
Prudential	International financial services	Stalwart	37,531	3.4	
Amazon.com	Online retailer	Rapid	35,472	3.2	
Royal Caribbean Cruises	Cruise line operator	Cyclical	31,195	2.8	
CRH	Diversified building materials	Latent	29,239	2.7	
Naspers	Media and e-commerce	Rapid	26,279	2.4	
Alphabet	Online search engine	Rapid	25,411	2.3	
SAP	Enterprise software	Stalwart	22,225	2.0	
Anthem	Healthcare insurer	Stalwart	21,342	2.0	
Ryanair	Low cost airline	Rapid	20,414	1.9	
TSMC	Semiconductor manufacturer	Cyclical	20,089	1.8	**24.5**
Markel	Speciality insurance	Cyclical	19,380	1.8	
CarMax	Used car retailer	Cyclical	18,771	1.7	
MS&AD Insurance	Non-life insurer	Latent	18,742	1.7	
First Republic Bank	Retail bank	Cyclical	18,403	1.7	
Moody's	Credit rating agency	Stalwart	18,091	1.7	
TD Ameritrade	Online brokerage	Cyclical	16,244	1.5	
AIA	Insurance	Rapid	15,408	1.4	
Facebook	Social networking	Rapid	14,674	1.3	
Schindler	Elevator and escalator manufacturer	Stalwart	14,592	1.3	
Visa	Global electronic payments network	Stalwart	14,168	1.3	**39.9**
Martin Marietta Materials	Cement and aggregates producer	Cyclical	13,720	1.3	
Apache	Oil exploration and production	Latent	13,248	1.2	
Baidu	Chinese internet search engine	Rapid	13,191	1.2	
MasterCard	Global electronic payments network	Stalwart	13,145	1.2	
Wolseley	Building materials distributor	Cyclical	12,013	1.1	
ICICI Bank	Banking and financial services	Rapid	11,459	1.1	
Softbank	Telecom operator and internet investor	Rapid	11,282	1.0	
Samsung Electronics	Consumer and industrial electronic equipment	Latent	11,251	1.0	
EOG Resources	Oil and gas explorer and producer	Cyclical	11,197	1.0	
Fairfax Financial	Financial services holding company	Latent	11,060	1.0	**51.0**
Alibaba	Online and mobile commerce	Rapid	11,020	1.0	
MercadoLibre	Latin American e-commerce platform	Rapid	10,955	1.0	
Richemont	Luxury goods designer and manufacturer	Cyclical	10,455	1.0	
Svenska Handelsbanken	Retail bank	Cyclical	10,016	0.9	
Hays	Recruitment	Cyclical	9,945	0.9	
Myriad Genetics	Genetic testing	Rapid	9,891	0.9	
American Express	Global payment and travel company	Stalwart	9,885	0.9	
Schibsted	Print and online newspapers and classifieds	Rapid	9,506	0.9	
Brambles	Pallet pool operator	Cyclical	9,281	0.9	
Atlas Copco	Industrial compressors and mining equipment producer	Cyclical	9,273	0.9	**60.3**
CH Robinson Worldwide	Delivery and logistics	Cyclical	9,190	0.8	
Colgate-Palmolive	Consumer goods	Stalwart	9,163	0.8	
Monsanto	Agricultural biotechnology	Stalwart	9,116	0.8	

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities (continued)					
Tesla Motors	Electric cars	Rapid	8,930	0.8	
Carlsberg	Brewer	Latent	8,827	0.8	
Yandex	Internet search and other services	Rapid	8,594	0.8	
Bureau Veritas	Consulting services company	Stalwart	8,516	0.8	
Waters	Liquid chromatography products and services	Stalwart	8,459	0.8	
SMC	Factory automation equipment producer	Cyclical	8,305	0.8	
Teradyne	Semiconductor testing equipment manufacturer	Cyclical	8,236	0.8	**68.3**
Shimano	Cycling component manufacturer	Stalwart	8,228	0.8	
TripAdvisor	Online travel review platform	Rapid	8,182	0.8	
Lincoln Electric	Welding equipment manufacturer	Cyclical	8,170	0.8	
Olympus	Optics manufacturer	Stalwart	8,084	0.7	
Seattle Genetics	Biotechnology treatments for cancer	Rapid	8,035	0.7	
Novo Nordisk	Pharmaceutical company	Stalwart	8,021	0.7	
HDFC	Indian mortgage provider	Rapid	7,922	0.7	
Wabtec	Technology products and services provider for the rail industry	Cyclical	7,678	0.7	
MarketAxess	Electronic bond trading platform	Rapid	7,622	0.7	
IP Group	Intellectual property commercialisation	Rapid	7,509	0.7	**75.6**
Sberbank of Russia	Banking and financial services	Latent	7,461	0.7	
Dolby Laboratories	Audio noise reduction and encoding/compression	Latent	7,240	0.7	
Bank of Ireland	Retail and commercial bank	Latent	7,128	0.7	
Stericycle	Medical waste management services	Stalwart	7,044	0.6	
iRobot	Domestic robots	Rapid	6,980	0.6	
M3	Online medical database	Rapid	6,948	0.6	
THK	Linear motion systems manufacturer	Cyclical	6,920	0.6	
Rolls Royce	Power systems manufacturer	Cyclical	6,821	0.6	
Deutsche Boerse	Stock exchange operator	Cyclical	6,571	0.6	
Silk Invest Africa Food Fund*	Africa-focused private equity fund	Latent	6,255	0.6	**81.9**
Praxair	Industrial gas supplier	Stalwart	6,215	0.6	
Cyberagent	Internet advertising and content	Rapid	6,168	0.6	
Ritchie Bros Auctioneers	Industrial equipment auctioneer	Cyclical	5,972	0.5	
Jardine Matheson	Investment holding company	Cyclical	5,968	0.5	
Toyota Tsusho	Trading company	Latent	5,865	0.5	
BMF Bovespa	Stock exchange operator	Rapid	5,798	0.5	
Qualcomm	Semiconductor manufacturer and wireless patents	Stalwart	5,776	0.5	
Volvo	Commercial vehicle manufacturer	Cyclical	5,774	0.5	
Kirby	Marine shipping company	Latent	5,614	0.5	
Veeco Instruments	Semiconductor equipment company	Latent	5,557	0.5	**87.1**
Japan Exchange	Stock exchange operator	Rapid	5,526	0.5	
Autohome	Online destination for automobile consumers in China	Rapid	5,503	0.5	
GrubHub	Food ordering and delivery platform	Rapid	5,344	0.5	
Howard Hughes	Real estate developer	Latent	5,241	0.5	
Renishaw	Measurement and calibration equipment manufacturer	Rapid	5,224	0.5	
DistributionNOW	Oilfield drilling equipment distributor	Cyclical	5,154	0.5	
Dia	Discount food retailer	Stalwart	5,111	0.5	

* Denotes an unlisted security.

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities (continued)					
eBay	Internet auction site	Stalwart	5,101	0.5	
Victrex	Speciality high-performance chemicals manufacturer	Cyclical	5,087	0.5	
Nvidia	Interactive 3D graphics provider	Rapid	4,614	0.4	**92.0**
Financial Engines	Investment advisory firm	Rapid	4,551	0.4	
Alnylam Pharmaceuticals	Biotechnology	Rapid	4,501	0.4	
Qiagen	Biotechnology equipment	Rapid	4,470	0.4	
Sands China	Casino operator	Cyclical	4,452	0.4	
Rohm	Semiconductor manufacturer	Latent	4,442	0.4	
OC Oerlikon	Industrial equipment manufacturer	Latent	4,303	0.4	
Zillow	US online real estate services	Rapid	3,738	0.3	
Intuitive Surgical	Surgical robots	Rapid	3,632	0.3	
Fiat Chrysler Autos	Vehicle manufacturer	Latent	3,551	0.3	
Leucadia National	Holding company	Cyclical	3,375	0.3	**95.6**
MTN	South African wireless telecom company	Latent	3,111	0.3	
Banco Popular Español	Retail bank	Latent	2,824	0.3	
SK Hynix	Semiconductor manufacturer	Cyclical	2,667	0.2	
Nanoco	Quantum dot manufacturer	Rapid	2,562	0.2	
Tsingtao Brewery	Brewer	Stalwart	2,463	0.2	
Stratasys	3D printer manufacturer	Rapid	2,116	0.2	
Ferrari	Vehicle manufacturer	Rapid	1,992	0.2	
Aggreko	Power generation equipment rental	Cyclical	1,869	0.2	
Coca Cola HBC	Soft drink producer and distributor	Stalwart	1,539	0.1	
Ferro Alloy Resources*	Vanadium mining	Cyclical	1,402	0.1	**97.6**
Juridica Investments	Litigation financing	Latent	1,210	0.1	
Doric Nimrod Air One	Aircraft leasing	Latent	1,202	0.1	
Total Equity Investments			**1,072,202**	**97.8**	97.8
Bonds					
Credit Suisse 0% Swap Rate Linked Note 2017*	Variable redemption linked to 30 year GBP swap rate		5,933	0.5	
K1 Life Settlements 0% 2016*	Bond linked to life insurance policies		1,299	0.1	
Total Bonds			**7,232**	**0.6**	
Total Investments			**1,079,434**	**98.4**	98.4
Net Liquid Assets			**17,370**	**1.6**	
Total Assets at Fair Value			**1,096,804**	**100.0**	**100.0**

* Denotes an unlisted security.

Twelve Month Summary

	30 April 2016	30 April 2015	% change
Total assets (before deduction of borrowings)	£1,096.8m	£1,147.6m	
Borrowings	£85.9m	£124.0m	
Shareholders' funds	£1,010.9m	£1,023.6m	
Net asset value per ordinary share (after deducting borrowings at fair value)	470.1p	476.0p	(1.2)
Net asset value per ordinary share (after deducting borrowings at par)	472.4p	478.3p	(1.2)
Share price	425.3p	435.1p	(2.3)
FTSE World Index (in sterling terms)			(2.0)
Revenue earnings per ordinary share	2.31p	4.74p	(51.3)
Dividends paid and payable in respect of the financial year	1.50p	3.95p	(62.0)
Ongoing charges	0.59%	0.58%	
Discount (after deducting borrowings at fair value)	9.5%	8.6%	
Discount (after deducting borrowings at par)	10.0%	9.0%	
Active share*	93%	93%	

	2016	2015
Total return performance†		
Net asset value (after deducting borrowings at fair value)	(0.4%)	13.0%
Net asset value (after deducting borrowings at par)	(0.4%)	13.1%
Share price	(1.3%)	18.8%
FTSE World Index (in sterling terms)	0.5%	18.0%

	2016	2016	2015	2015
Year's high and low	**High**	**Low**	**High**	**Low**
Net asset value (after deducting borrowings at fair value)	491.9p	400.8p	504.4p	411.6p
Net asset value (after deducting borrowings at par)	494.1p	403.0p	506.6p	413.4p
Share price	443.5p	361.1p	456.9p	354.0p

During the year to 30 April 2016 the discount (with borrowings at fair value) ranged from 7.3% to 13.4% (year to 30 April 2015: 7.7% to 15.1%).

	30 April 2016	30 April 2015
Net return per ordinary share		
Revenue	2.31p	4.74p
Capital	(4.27p)	46.84p
Total return	**(1.96p)**	**51.58p**

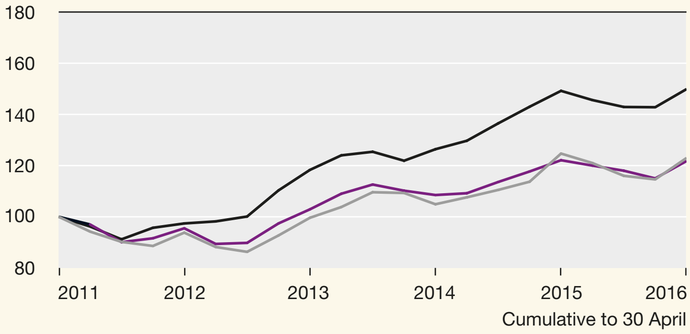
* See Glossary of Terms on page 55.
† Source: Baillie Gifford/Morningstar.

Five Year Summary

The following charts indicate how an investment in Monks has performed relative to its comparative index and its underlying net asset value over the five year period to 30 April 2016.

5 Year Total Return Performance

(figures rebased to 100 at 30 April 2011)



Source: Thomson Reuters Datastream/Morningstar. Dividends are reinvested.

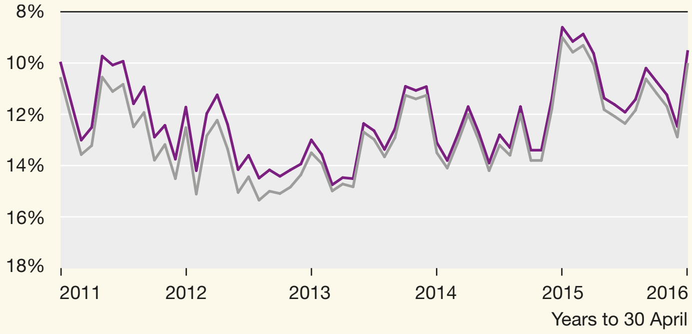
NAV (fair) total return

Share price total return

FTSE World Index total return

Discount to Net Asset Value

(plotted on a monthly basis)

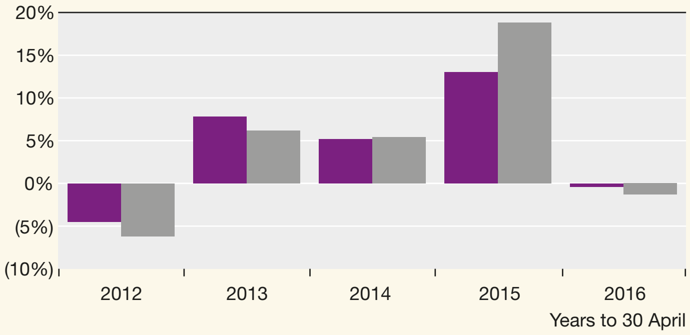


Source: Thomson Reuters Datastream/Baillie Gifford.

Monks discount (after deducting borrowings at fair value)

Monks discount (after deducting borrowings at par)

Annual Net Asset Value and Share Price Total Returns

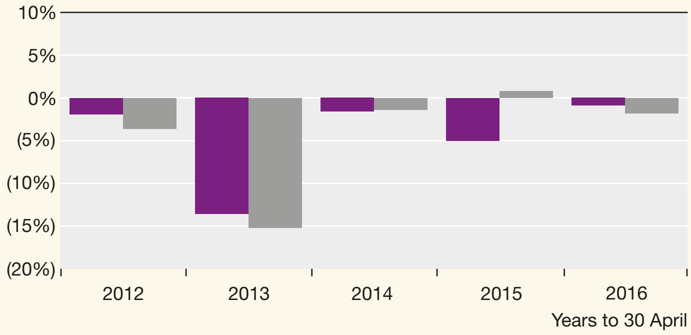


Source: Thomson Reuters Datastream/Baillie Gifford. Dividends are reinvested.

NAV (fair) 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: Thomson Reuters Datastream/Baillie Gifford. Dividends are reinvested.

NAV (fair) total return

Share price total return

Past performance is not a guide to future performance.

Ten Year Summary

Capital

At 30 April	Total assets £'000	Borrowings £'000	Shareholders' funds £'000	Shareholders' funds per share p	NAV per share* (fair) p	NAV per share* (par) p	Share price p	Discount† (fair) %	Discount† (par) %
2006	1,094,620	159,422	935,198	325.4	319.6	325.3	290.0	9.3	10.9
2007	1,112,379	148,942	963,437	343.3	338.4	343.1	300.2	11.3	12.5
2008	1,110,368	79,516	1,030,852	390.2	386.5	390.0	348.0	10.0	10.8
2009	760,305	79,549	680,756	258.2	255.0	258.0	236.5	7.3	8.3
2010	1,077,918	119,582	958,336	367.2	364.1	367.0	313.0	14.0	14.7
2011	1,220,493	159,614	1,060,879	406.8	403.9	406.7	364.0	9.9	10.5
2012	1,149,366	159,647	989,719	386.4	382.8	386.3	338.5	11.6	12.4
2013	1,065,906	79,679	986,227	410.4	408.1	410.2	355.0	13.0	13.5
2014	1,012,608	39,712	972,896	426.9	425.2	426.8	370.0	13.0	13.3
2015	1,147,620	124,029	1,023,591	478.4	476.0	478.3	435.1	8.6	9.0
2016	**1,096,804**	**85,855**	**1,010,949**	**472.5**	**470.1**	**472.4**	**425.3**	**9.5**	**10.0**

Revenue

Year to 30 April	Gross revenue £'000	Available for ordinary shareholders £'000	Revenue earnings per ordinary share# p	Dividend paid and proposed per share net p	Ongoing charges‡ %
2006	20,085	6,352	2.20	1.90	0.70
2007	25,738	11,182	3.91	3.15	0.59
2008	28,735	12,285	4.53	3.70	0.62
2009	33,949	18,384	6.97	6.00	0.62
2010	23,887	10,569	4.02	3.00	0.62
2011	27,366	10,600	4.06	3.00	0.63
2012	31,424	13,889	5.35	3.95	0.63
2013	22,983	11,778	4.68	3.95	0.60
2014	21,585	11,181	4.87	3.95	0.57
2015	20,215	10,549	4.74	3.95	0.58
2016	**15,149**	**4,954**	**2.31**	**1.50**	**0.59**

Gearing Ratios

Year to 30 April	Gearing¶ %	Potential gearing§ %
2006	16	17
2007	5	15
2008	(2)	8
2009	(2)	12
2010	10	12
2011	10	15
2012	(7)	16
2013	1	8
2014	(1)	4
2015	7	12
2016	**7**	**8**

Cumulative Performance (taking 2006 as 100)

At 30 April	NAV per share (par)	NAV total return^ (par)	Share price	Share price total return^	Comparative Index^	Index total return^	Revenue earnings per share	Dividend paid and proposed per share (net)	Retail price index^
2006	100	100	100	100	100	100	100	100	100
2007	105	106	104	104	105	107	178	166	104
2008	120	121	120	122	103	108	206	195	108
2009	79	80	82	84	82	88	317	316	108
2010	113	119	108	115	108	119	183	158	113
2011	125	132	126	134	115	130	185	158	119
2012	119	126	117	126	108	127	243	208	123
2013	126	135	122	133	128	154	213	208	126
2014	131	142	128	140	133	165	221	208	129
2015	147	161	150	167	154	194	215	208	130
2016	**145**	**161**	**147**	**165**	**150**	**195**	**105**	**79**	**132**
Compound annual returns									
5 year	3.0%	4.0%	3.2%	4.2%	5.6%	8.4%	(10.7%)	(12.9%)	2.1%
10 year	3.8%	4.9%	3.9%	5.1%	4.2%	6.9%	0.5%	(2.3%)	2.8%

* Net asset value (NAV) per share has been calculated after deducting borrowings at either par value or fair value (see note 16, page 44).

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

The calculation of revenue earnings per share is based on the revenue from ordinary activities after taxation and the weighted average number of ordinary shares in issue (see note 7, page 39).

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

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

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

^ Source: Thomson Reuters Datastream.

Past performance is not a guide to future performance.

Business Review

Business Model

Business and Status

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

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

Objective and Policy

The Company's objective is to invest globally to achieve capital growth. This takes priority over income and dividends.

Monks seeks to meet its objective by investing principally in a portfolio of global quoted equities. Equities are selected for their inclusion within the portfolio solely on the basis of the strength of the investment case.

There are no limits to geographical or sector exposures, but these are reported to, and monitored by, the Board in order to ensure that adequate diversification is achieved. The number of holdings in equities typically ranges from 70 to 200. At the financial year end, the portfolio contained 112 equity holdings. A portfolio review by the Managers is given on pages 4 to 8 and the investments held at the year end are listed on pages 9 to 11.

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

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

Borrowings are invested in equities and other asset classes when this is considered to be appropriate on investment grounds. Gearing levels, and the extent of equity gearing, are discussed by the Board and Managers at every Board meeting and adjusted accordingly with regard to the outlook. New borrowings will not be taken out if this takes the level of effective equity gearing to over 30% of shareholders' funds. Equity exposure may, on occasions, be below 100% of shareholders' funds.

Performance

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

Key Performance Indicators

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

— the movement in net asset value per ordinary share on a total return basis;

— the movement in the share price on a total return basis;

— the discount; and

— ongoing charges.

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

Principal Risks

As explained on pages 22 and 23 there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. The Directors have carried out a robust assessment of the principal 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.

Financial Risk – The Company's assets consist mainly of listed securities and its principal 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 44 to 48. To mitigate this risk, 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 Managers together with their general views on the various investment markets and sectors. A strategy meeting is held annually.

Regulatory Risk – failure to comply with applicable legal and regulatory requirements such as the tax rules for investment trust companies, the UKLA Listing rules and the Companies Act could lead to the Company being subject to tax on capital gains, suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report. 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 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 cyber hacking. To mitigate this risk, the Board receives six monthly reports from the Depositary confirming safe custody of the Company's assets. Cash and portfolio holdings are independently reconciled to the Custodian's records by the Managers. The Custodian's audited internal controls reports are reviewed by Baillie Gifford's Internal Audit Department and a summary of the key points is reported to the Audit Committee and any concerns investigated. In addition, the existence of assets is subject to annual external audit.

Operational Risk – failure of Baillie Gifford's accounting systems or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets. 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 or major disaster. The Board reviews Baillie Gifford's Report on Internal Controls and the reports by other third party providers are reviewed by Baillie Gifford on behalf of the Board.

Discount volatility – the discount at which the Company's shares trade can widen. To mitigate this risk, the Board monitors the level of discount and the Company has authority to buy back its own shares.

Leverage Risk – the Company may borrow money for investment purposes. If the investments fall in value, any borrowings will magnify the extent of this loss. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings. The Company can also make use of derivative contracts. To mitigate this risk all borrowings require the prior approval of the Board and leverage levels are discussed by the Board and Managers at every meeting. The majority of the Company's investments are in quoted securities that are readily realisable. Further information on leverage can be found on page 55.

Viability Statement

Having regard to provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2014, the Directors have assessed the prospects of the Company over a three year period. The Directors believe 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 (as detailed on pages 15 and 16), 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 and short term bank borrowings. In addition, 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.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over at least the next three years.

Employees, Human Rights and Community Issues

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

Gender Representation

The Board comprises six Directors, five male and one female. The Company has no employees. The Board's policy on diversity is set out on page 21.

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 23.

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 will be published on the Managers' website within the applicable time period.

Future Developments of the Company

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

The Strategic Report which includes pages 2 to 16 was approved by the Board of Directors and signed on its behalf on 15 June 2016.

JGD Ferguson
Chairman

Directors and Management

Directors

JGD Ferguson

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

CC Ferguson

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

EM Harley

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

DCP McDougall

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

KS Sternberg

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

JJ Tigue

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

All the Directors, with the exception of Mr DCP McDougall, are members of the Audit Committee.

Managers and Secretaries

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

Baillie Gifford is one of the largest investment trust managers in the UK and currently manage seven investment trusts. Baillie Gifford also manages unit trusts and Open Ended Investment Companies, together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under the management or advice of Baillie Gifford total around £120 billion as at 13 June 2016. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 41 partners and a staff of around 900.

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

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

Directors' Report

The Directors present their Report together with the audited Financial Statements of the Company for the year to 30 April 2016.

Corporate Governance

The Corporate Governance Report is set out on pages 21 to 23 and forms part of this Report.

Manager 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.

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

The function of the Management Engagement Committee is fulfilled by those members of the Board who are also members of the Audit Committee ('Qualifying Directors'). The Board reviews investment performance and monitors the arrangements for the provision of investment management and secretarial services to the Company on a continuous basis. A formal evaluation of the Managers by the Qualifying Directors is conducted annually. The Qualifying Directors' annual evaluation considered, amongst others, the following topics: the quality of the personnel assigned to handle the Company's affairs; the quality of policy guidance and explanations; the investment strategy and performance; administrative competence; the quality and coverage of papers; the marketing efforts undertaken by the Managers; communication with shareholders; and the service level provided by, and relationship with, the Managers generally.

Following the most recent evaluation in March 2016, the Qualifying Directors are in agreement that the continuing appointment of Baillie Gifford & Co Limited as AIFM and the delegation of investment management services to Baillie Gifford & Co on the terms agreed, is in the interest of shareholders as a whole.

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

Depositary

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

Directors

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

Ms Carol Ferguson is retiring at the Annual General Meeting and is not offering herself for re-election. All the other Directors are retiring at the Annual General Meeting and are offering themselves for re-election. Following formal performance evaluation, the Chairman confirms that the Board considers that their performance continues to be effective and that they remain committed to the Company. The Board therefore recommends their re-election to shareholders.

Directors' Indemnity and Insurance

The Company has entered into 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 2016 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 1p per ordinary share which, together with the interim already paid, makes a total of 1.5p for the year. If approved, the recommended final dividend on the ordinary shares will be paid on 5 August 2016 to shareholders on the register at the close of business on 8 July 2016. The ex-dividend date is 7 July 2016. The Company's Registrar offers a Dividend Reinvestment Plan (see page 52) and the final date for elections for this dividend is 15 July 2016.

Share Capital

Capital Structure

The Company's capital structure consists of 213,963,859 ordinary shares of 5p each at 30 April 2016. There are no restrictions concerning the holding or transfer of the Company's ordinary shares and there are no special rights attached to any of the shares.

Dividends

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

Capital entitlement

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

Voting

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

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

Major Interests in the Company's Shares

The Company has received notifications of the following interests in 3% or more of the voting rights of the Company as at 30 April 2016. There have been no changes to the major interests in the Company's shares intimated up to 13 June 2016.

Name	Ordinary 5p shares held at 30 April 2016	% of issue
Old Mutual Plc	11,136,744	5.2

Annual General Meeting

Issuance of Shares

At the forthcoming Annual General Meeting, the Directors are seeking 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.

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 £1,069,819. This amount represents 10% of the Company's total ordinary share capital in issue at 13 June 2016 and meets institutional guidelines. The Directors have no present intention of exercising this authority. This authority will continue until the conclusion of the Annual General Meeting to be held in 2017 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 (i.e. without first offering such shares to existing shareholders pro-rata to their existing holdings) for cash up to an aggregate nominal amount of £1,069,819 (representing 10% of the issued ordinary share capital of the Company as at 13 June 2016). 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 2017 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 32,073,182 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 ending 30 April 2016. No shares were bought back during the year under review and no shares are held in treasury. The principal reason for share buy-backs is to enhance net asset value 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 Treasury Shares Regulations); 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 ending 30 April 2017.

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

(i) 5 per cent above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and

(ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange.

The minimum price (exclusive of expenses) that may be paid is 5p per share. Purchases of shares will be made within guidelines established, from time to time, by the Board. The Company does not have any warrants or options in issue. Your attention is drawn to Resolution 13 in the Notice of Annual General Meeting on page 50. This authority, if conferred, will be exercised only if to do so would result in an increase in net asset value per ordinary share for the remaining shareholders and if it is in the best interests of shareholders generally.

Articles of Association

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

Disclosure of Information to Auditors

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

Post Balance Sheet Events

The Directors confirm that there have been no post-Balance Sheet events up to 15 June 2016.

Independent Auditors

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

Greenhouse Gas Emissions

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

Bribery Act

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

Recommendation

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

By order of the Board
JGD Ferguson
Chairman
15 June 2016

Corporate Governance Report

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the 2014 UK Corporate Governance Code (the 'Code') which can be found at **www.frc.org.uk**, and the relevant principles of the Association of Investment Companies (AIC) Code of Corporate Governance were applied throughout the financial year. The AIC Code provides a framework of best practice for investment companies and can be found at **www.theaic.co.uk**.

Compliance

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

— a Nomination Committee has not been established. As the Board comprises only six non-executive Directors, all of whom are considered to be independent, a Nomination Committee is considered unnecessary. The appointment of new directors is considered by the Board as a whole. The Board conducts an annual review of its composition having regard to the present and future needs of the Company;

— Mr JGD Ferguson, Chairman of the Board, is a member of the Audit Committee. The Board believes it is appropriate for Mr Ferguson to be a member of the Audit Committee as he is considered to be independent and there are no conflicts of interest; and

— the evaluation of the Board has not been externally facilitated. The Board is of the opinion that the use of external consultants to assist with the evaluation is unlikely to bring any meaningful benefit to the process, though the option to do so is kept under review.

The Board

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

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

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

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

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

Appointments to the Board

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

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

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

Independence of Directors

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

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

Mr McDougall is a director of Pacific Horizon Investment Trust PLC which is also managed by Baillie Gifford. Mr McDougall and Mr Ferguson are both directors of The Independent Investment Trust PLC. All the Directors apart from Mr Sternberg and Mr Tigue have served for more than nine years. Following a formal performance evaluation the Board has concluded that, not withstanding the above, Mr McDougall, Mr Ferguson, Mr Harley and Ms Ferguson continue to demonstrate independence of character and judgement. Their skills and experience add significantly to the strength of the Board.

Meetings

There is an annual cycle of Board meetings which is designed to address, in a systematic way, overall strategy, review of investment policy, investment performance, marketing, revenue budgets, dividend policy and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The table on page 22 shows the attendance record for the Board and the Audit Committee meetings held during the year. The Annual General Meeting was attended by all the Directors.

Directors' Attendance at Meetings

	Board	Audit Committee
Number of meetings	**5**	**2**
JGD Ferguson	5	2
CC Ferguson	5	2
EM Harley	5	2
DCP McDougall	5	–*
KS Sternberg	5	2
JJ Tigue	5	2

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

Performance Evaluation

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

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

Induction and Training

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

Remuneration

As all the Directors are non-executive there is no requirement for a separate Remuneration Committee. Directors' fees are considered by the Board as a whole within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Report on pages 26 and 27.

Audit Committee

The report of the Audit Committee is set out on pages 24 and 25.

Internal Controls and Risk Management

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

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the guidance '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 Alternative Investment Fund Managers Directive (as detailed below). Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provide the Audit Committee with regular reports on their monitoring programmes. The reporting procedures for these departments are defined and formalised within a service level agreement. Baillie Gifford & Co conducts an annual review of its system of internal controls which is documented within an internal controls report which complies with ISAE 3402 and Technical Release AAF 01/06 – Assurance Reports on Internal Controls of Service Organisations made available to Third Parties. This report is independently reviewed by Baillie Gifford & Co's Auditors and a copy is submitted to the Audit Committee.

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

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

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

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

To comply with the Alternative Investment Fund Managers Directive, the Company appointed BNY Mellon Trust & Depositary (UK) Limited as its Depositary and Baillie Gifford & Co Limited 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 Depositary has delegated the custody function to The Bank of New York Mellon SA/NV London Branch (the 'Custodian'). The Custodian prepares a report on its key controls and safeguards which is independently reviewed by KPMG LLP.

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

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

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

Going Concern

Having assessed the principal risks and other matters set out in the Viability Statement on page 16, 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 effect the Company's ability to continue to do so over 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, Canaccord Genuity Limited (see contact details on the back cover).

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

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

Corporate Governance and Stewardship

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

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

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

By order of the Board
JGD Ferguson
Chairman
15 June 2016

Audit Committee Report

The Audit Committee consists of all the Directors except Mr DCP McDougall. Mr JJ Tigue is Chariman 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 Board believes it is appropriate for Mr Ferguson to be a member of the Committee as he is considered to be independent and there are no conflicts of interest. The Committee's authority and duties are clearly defined within its written terms of reference which are available on request from the Company Secretary and at **www.monksinvestmenttrust.co.uk**. The terms of reference are reviewed annually.

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

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

Main Activities of the Committee

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

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

— the preliminary results announcement and the Annual and Interim Reports;

— the Company's accounting policies and practices;

— 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 Auditors;

— whether the audit services contract should be put out to tender;

— the policy on the engagement of the external Auditors to supply non-audit services;

— the independence, objectivity and effectiveness of the external Auditors;

— the need for the Company to have its own internal audit function;

— internal controls reports received from the Managers and custodians; and

— the arrangements in place within Baillie Gifford & Co whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Internal Audit

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

Financial Reporting

The Committee considers that the most significant issues likely to impact the Financial Statements are: the existence and valuation of investments, as they represent 98.4% of total assets; the accuracy and completeness of income from investments; and the accuracy and completeness of the presentation of and the disclosures in the Financial Statement following the implementation this year of new accounting standards and corporate governance regulations.

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

The value of all the listed investments as at 30 April 2016 were agreed to external price sources. The Committee considered the value of all unquoted investments at 30 April 2016, which are determined using valuation techniques based upon latest dealing prices, stockbroker valuation, net assets values and other information as appropriate, and assessed the appropriateness of the judgements and assumptions used in valuing such investments. The portfolio holdings were agreed to confirmations from the Company's custodian.

The Managers confirmed to the Committee that they were not aware of any material misstatements in the context of the Financial Statements as a whole 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 pages 22 and 23. No significant weaknesses were identified in the year under review.

External Auditors

To fulfil its responsibility regarding the independence of the external Auditors, the Committee reviewed the Auditors' audit plan, which includes a description of their arrangements to manage independence, a letter from the Auditors on the conclusion of the audit setting out why they remain independent and the extent of non-audit services provided by the Auditors. Non-audit fees for the year to 30 April 2016 were £1,100 and related to the certification of financial information to the debenture trustee. The Committee does not believe that this has impaired the Auditors' independence.

To assess the effectiveness of the Auditors, the Committee reviewed and considered the audit plan, a report from the Auditors on the conclusion of the audit, feedback from the Secretaries on the performance of the audit team and the 2014/15 Audit Quality Inspection Report on PricewaterhouseCoopers LLP issued in May 2015 by the FRC's Audit Quality Review Team (AQRT). In addition, as PricewaterhouseCoopers LLP's audit of Monks' 2015 Financial Statements was selected as part of the AQRT's routine sample of audits for its 2015/16 Audit Quality Inspection Report, the Committee also reviewed the AQRT's findings on last year's audit and, following discussions with the Audit Committee Chairman, the Auditors' response to those findings. The Committee concluded that the AQRT's findings were not significant and that it was satisfied with the Auditors' response to those findings and the resulting minor improvements to future audits of the Company proposed by them.

PricewaterhouseCoopers LLP, or its predecessor firms, have been engaged as the Company's Auditors for over 28 years. The audit partners responsible for the audit are rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business. The current lead audit partner, Ms Catrin Thomas, has been in place for four years and will continue as partner until the conclusion of the 2017 audit.

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

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

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

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

Accountability and Audit

The respective responsibilities of the Directors and the Auditors in connection with the Financial Statements are set out on pages 28 to 32.

By order of the Board
JJ Tigue
Chairman of the Audit Committee
15 June 2016

Directors' Remuneration Report

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

Statement by the Chairman

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

The Board reviewed the level of fees during the year and it was agreed that, with effect from 1 May 2016, the Chairman's fee would be increased from £37,500 to £42,000, the other Directors' fees would be increased from £25,000 to £28,000 and that the additional fee for the Chairman of the Audit Committee would be increased from £2,500 to £4,000. Other than the additional fee for the Chairman of the Audit Committee, which was initiated last year, the fees were last increased on 1 November 2011.

Directors' Remuneration Policy

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

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

Non-executive Directors are not eligible for any other remuneration or benefits apart from the reimbursement of allowable expenses. There are no performance conditions relating to Directors' fees and there are no long-term incentive schemes or pension schemes. No compensation is payable on loss of office.

Limits on Directors' Remuneration

The fees for the non-executive Directors are payable quarterly in arrears and are determined within the limit set out in the Company's Articles of Association which is currently £200,000 in aggregate. Any change to this limit requires shareholder approval. The fees paid to Directors in respect of the year ended 30 April 2016 and the expected fees payable in respect of the year ending 30 April 2017 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 2017 £	Fees as at 30 Apr 2016 £
Chairman's fee	42,000	37,500
Non-executive Director fee	28,000	25,000
Additional fee for Chairman of the Audit Committee	4,000	2,500

Annual Report on Remuneration

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

The law requires the Company's Auditors to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in the Independent Auditors' Report on pages 29 to 32.

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	2016 Fees £	2016 Taxable benefits* £	2016 Total £	2015 Fees £	2015 Taxable benefits* £	2015 Total £
JGD Ferguson	37,500	1,170	**38,670**	37,500	1,277	**38,777**
CC Ferguson	25,000	–	**25,000**	25,000	–	**25,000**
EM Harley	25,000	270	**25,270**	25,000	251	**25,251**
DCP McDougall	25,000	1,077	**26,077**	25,000	1,168	**26,168**
KS Sternberg	25,000	–	**25,000**	25,000	–	**25,000**
JJ Tigue (appointed 30/9/14)	27,500	–	**27,500**	14,679	–	**14,679**
	165,000	**2,517**	**167,517**	**152,179**	**2,696**	**154,875**

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

Directors' Interests (audited)

The Directors at the end of the year under review and their interests in the Company are as shown in the following table. There have been no changes intimated in the Directors' interests up to 13 June 2016.

Name	Nature of interest	Ordinary 5p shares held at 30 April 2016	Ordinary 5p shares held at 30 April 2015
JGD Ferguson	Beneficial	220,000	220,000
CC Ferguson	Beneficial	80,000	50,000
EM Harley	Beneficial	200,000	200,000
DCP McDougall	Beneficial	1,408,138	1,373,160
KS Sternberg	Beneficial	13,483	8,733
JJ Tigue	Beneficial	40,783	27,984

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, 99.6% were in favour, 0.2% were against and votes withheld were 0.2%.

Relative Importance of Spend on Pay

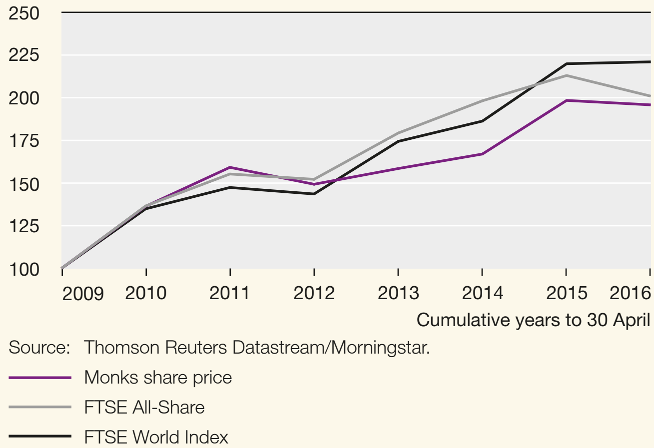
As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders.

Company Performance

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

Performance Graph

(figures rebased to 100 at 30 April 2009)



Source: Thomson Reuters Datastream/Morningstar.

All figures are total returns (assuming net dividends are reinvested).

Approval

The Directors' Remuneration Report on pages 26 and 27 was approved by the Board of Directors and signed on its behalf on 15 June 2016.

JGD Ferguson
Chairman

Past performance is not a guide to future performance.

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

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

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

— select suitable accounting policies and then apply them consistently;

— make judgements and accounting estimates that are reasonable and prudent;

— state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and

— prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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

— the Financial Statements, which have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) give a true and fair view of the assets, liabilities, financial position and net return of the Company;

— the Annual Report and Financial Statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; and

— the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board
JGD Ferguson
Chairman
15 June 2016

Independent Auditors' Report

to the members of The Monks Investment Trust PLC

Report on the Financial Statements

Our opinion

In our opinion, The Monks Investment Trust PLC's Financial Statements (the 'Financial Statements'):

— give a true and fair view of the state of the company's affairs as at 30 April 2016 and of its net loss and cash flows for the year then ended;

— have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

— have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The Financial Statements, included within the Annual Report and Financial Statements (the 'Annual Report'), comprise:

— the Balance Sheet as at 30 April 2016;

— the Income Statement for the year then ended;

— the Cash Flow Statement for the year then ended;

— the Statement of Changes in Equity for the year then ended; and

— the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

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

The financial reporting framework that has been applied in the preparation of the Financial Statements is United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law (United Kingdom Generally Accepted Accounting Practice).

Our audit approach

Overview

Materiality

— Overall materiality: £10.1 million which represents 1% of net assets.

Audit scope

— The Company is a standalone Investment Trust Company and has engaged Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, as the Company's Alternative Investment Fund Manager and Company Secretary. Baillie Gifford & Co Limited has delegated the investment management function to Baillie Gifford & Co (the 'Manager').

— We conducted our audit of the Financial Statements at Baillie Gifford & Co.

— We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

Areas of Focus

— Income from investments.

— Valuation and existence of investments.

— Changes to disclosure due to year one adoption of FRS 102.

The scope of our audit and our areas of focus

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

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

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

Area of focus	How our audit addressed the area of focus
Income from investments *Refer to page 24 (Audit Committee Report), page 37 (Accounting Policies) and pages 38 and 41 (notes).* *Income from investments (which consists of dividend income, interest income and gains/ losses on investments) is a key area of focus due to these figures representing a significant element of the Income Statement.* *We focused on the accuracy and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP').* *This is because incomplete or inaccurate income could have a material impact on the company's net asset value and dividend cover.*	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. This included considering the relevant controls tested and reported upon through the Baillie Gifford & Co AAF01/06 and ISAE3402 Type II Reporting Accountants Assurance Report on Internal Controls for the year ended 30 April 2015 and enquiries of Internal Audit and other management of Baillie Gifford & Co. In addition, we tested dividend receipts by agreeing the dividend rates from a sample of investments to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared by a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of dividend income between the income and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. Special dividends in the year were immaterial at £1.9m.

Area of focus	How our audit addressed the area of focus
Income from investments (cont'd) *We also focused on gains/losses on investments held at fair value due to the subjective nature of the valuation of unquoted investments.*	The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For realised gains/losses, we tested disposal proceeds by agreeing the proceeds to bank statements and sale agreements and we re-performed the calculation of a sample of realised gains/losses. For unrealised gains/losses, we obtained an understanding of the valuation process as set out in the valuation and existence area of focus. We tested the book cost reconciliation, including testing on a sample basis, the realised gains, purchases and sales to agree the total unrealised gains/losses incurred during the period. No misstatements were identified by our testing which required reporting to those charged with governance. We also tested a sample of journals to ascertain whether any inappropriate journals had been posted to income. No issues were identified through our testing in this area.
Valuation and existence of investments *Refer to page 24 (Audit Committee Report), page 37 (Accounting Policies) and page 40 (notes).* *The investment portfolio at the year-end comprises of listed equity investments (£1,065m), unlisted debt (£7m) and unlisted equity (£8m).* *We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the Financial Statements*	We tested the valuation of the investment portfolio as follows: — for listed debt and equity investments we agreed the prices used in the valuation to independent third party sources; — for unlisted debt investments, we agreed the valuation to broker quotes or agreed the price to other third party sources; — for the two unlisted equity investments, we understood the basis of the valuation methodology, reviewed the unlisted valuation committee minutes where the valuation was agreed, and reviewed the underlying documentation used to support the valuation used, such as external third party valuations or draft capital statements for the investment. No misstatements were identified by our testing. We tested the existence of all types of investment in the portfolio by agreeing the holdings for investments to an independent custodian confirmation from Bank of New York Mellon SA/NV. No differences were identified.

Area of focus	How our audit addressed the area of focus
Presentation and Disclosure – FRS 102 *The Financial Statements are prepared in compliance with the AIC SORP, Companies Act and FRS 102, including Financial Statements disclosures and presentation.* *As this is the first year FRS 102 was implemented, we focused on whether the Financial Statements were presented in compliance with FRS 102 as well as the compliance of AIC SORP, Companies Act 2006 and the Listing Rules.*	The Financial Statements for the year ended 30 April 2016 have been prepared for the first time under FRS 102. We have assessed that the changes applicable to the Company have been implemented, this includes the amendments to the disclosure of fair value hierarchy information and presentational aspects relating to the Cash Flow Statement. No other significant changes have arisen from the adoption of the new standards. The new UK Corporate Governance Code was published in September 2014, with a further update published on 23 October 2015. The new Code requires disclosure of a viability statement, a robust assessment of risks and a new-style going concern confirmation in the Annual Report. We have reviewed the information provided in the Annual Report and Accounts and no issues were noted in disclosure of corporate governance.

How we tailored the audit scope

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

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

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual Financial Statement line items and disclosure, and in evaluating the effect of misstatements, both individually and on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

Overall materiality	£10.1 million (2015 – £10.2 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £505,000 (2015 – £512,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 23, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the Financial Statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the Financial Statements. The going concern basis presumes that the company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the Financial Statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

ISAs (UK & Ireland) reporting

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

information in the Annual Report is: — materially inconsistent with the information in the audited Financial Statements; or — apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or — otherwise misleading.	*We have no exceptions to report.*
the statement given by the Directors on page 28, in accordance with provision C.1.1 of the UK Corporate Governance Code ('the Code'), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit.	*We have no exceptions to report.*
the section of the Annual Report on pages 24 and 25, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	*We have no exceptions to report.*

The Directors' assessment of the prospects of the company and of the principal risks that would threaten the solvency or liquidity of the company

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

The Directors' confirmation on page 15 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity.	*We have nothing material to add or to draw attention to.*
The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	*We have nothing material to add or to draw attention to.*
The Directors' explanation on page 16 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	*We have nothing material to add or to draw attention to.*

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the company and the Directors' statement in relation to the longer-term viability of the company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' Remuneration Report – Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

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

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the Financial Statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 28, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

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

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

What an audit of Financial Statements involves

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

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

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

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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

Catrin Thomas (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
15 June 2016

Notes

The following notes relate to financial statements published on a website and are not included in the printed version of the Annual Report and Financial Statements:

- The Directors have delegated responsibility to the Managers for the maintenance and integrity of the Company's page of the Managers' website; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website; and
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Income Statement

For the year ended 30 April

	Notes	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
(Losses)/gains on investments	9	–	(10,799)	**(10,799)**	–	99,275	**99,275**
Currency gains	14	–	1,655	**1,655**	–	4,892	**4,892**
Income	2	15,149	–	**15,149**	20,215	–	**20,215**
Investment management fee	3	(4,617)	–	**(4,617)**	(4,668)	–	**(4,668)**
Other administrative expenses	4	(1,150)	–	**(1,150)**	(1,087)	–	**(1,087)**
Net return before finance costs and taxation		9,382	(9,144)	**238**	14,460	104,167	**118,627**
Finance costs of borrowings	5	(3,291)	–	**(3,291)**	(2,846)	–	**(2,846)**
Net return on ordinary activities before taxation		6,091	(9,144)	**(3,053)**	11,614	104,167	**115,781**
Tax on ordinary activities	6	(1,137)	–	**(1,137)**	(1,065)	–	**(1,065)**
Net return on ordinary activities after taxation		**4,954**	**(9,144)**	**(4,190)**	**10,549**	**104,167**	**114,716**
Net return per ordinary share	7	**2.31p**	**(4.27p)**	**(1.96p)**	**4.74p**	**46.84p**	**51.58p**
Note: Dividends per share paid and payable in respect of the year	8	**1.50p**			**3.95p**		

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

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

A Statement of Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above statement.

The accompanying notes on pages 37 to 48 are an integral part of the Financial Statements.

Balance Sheet

As at 30 April

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		1,079,434		1,096,625
Current assets					
Debtors	10	3,330		2,032	
Cash and cash equivalents	19	15,930		50,815	
		19,260		52,847	
Creditors					
Amounts falling due within one year	11	(47,968)		(86,136)	
Net current liabilities			(28,708)		(33,289)
Total assets less current liabilities			1,050,726		1,063,336
Creditors					
Amounts falling due after more than one year	12		(39,777)		(39,745)
Net assets			**1,010,949**		**1,023,591**
Capital and reserves					
Called up share capital	13		10,698		10,698
Share premium account	14		11,100		11,100
Capital redemption reserve	14		8,700		8,700
Capital reserve	14		934,814		943,958
Revenue reserve	14		45,637		49,135
Shareholders' funds	15		**1,010,949**		**1,023,591**
Net asset value per ordinary share (after deducting borrowings at fair value)	16		**470.1p**		**476.0p**
Net asset value per ordinary share (after deducting borrowings at par)	16		**472.4p**		**478.3p**

The Financial Statements of The Monks Investment Trust PLC (Company registration number 236964) on pages 33 to 48 were approved and authorised for issue by the Board and were signed on 15 June 2016.

JGD Ferguson
Chairman

The accompanying notes on pages 37 to 48 are an integral part of the Financial Statements.

Statement of Changes in Equity

For the year ended 30 April 2016

	Notes	Called up 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 2015		10,698	11,100	8,700	943,958	49,135	**1,023,591**
Net return on ordinary activities after taxation		–	–	–	(9,144)	4,954	**(4,190)**
Dividends paid during the year	8	–	–	–	–	(8,452)	**(8,452)**
Shareholders' funds at 30 April 2016		**10,698**	**11,100**	**8,700**	**934,814**	**45,637**	**1,010,949**

For the year ended 30 April 2015

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

The accompanying notes on pages 37 to 48 are an integral part of the Financial Statements.

Cash Flow Statement

For the year ended 30 April

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Cash flows from operating activities					
Net return on ordinary activities before taxation			(3,053)		115,781
Net losses/(gains) on investments			10,799		(99,275)
Currency gains			(1,655)		(4,892)
Amortisation of fixed income book cost			(353)		(444)
Finance costs of borrowings			3,291		2,846
Overseas tax incurred			(1,125)		(987)
Changes in debtors and creditors			(1,257)		(562)
Cash from operations			6,647		12,467
Interest paid			(3,214)		(2,809)
Net cash inflow from operating activities			3,433		9,658
Cash flows from investing activities					
Acquisitions of investments		(209,105)		(956,481)	
Disposals of investments		215,791		930,889	
Net cash inflow/(outflow) from investing activities			6,686		(25,592)
Cash flows from financing activities					
Equity dividends paid	8	(8,452)		(8,930)	
Shares purchased for cancellation		(2)		(55,089)	
Borrowings (repaid)/drawn down		(39,536)		84,382	
Net cash (outflow)/inflow from financing activities			(47,990)		20,363
(Decrease)/increase in cash and cash equivalents			(37,871)		4,429
Exchange movements			2,986		4,794
Cash and cash equivalents at 1 May			50,815		41,592
Cash and cash equivalents at 30 April			**15,930**		**50,815**

The accompanying notes on pages 37 to 48 are an integral part of the Financial Statements.

Notes to the Financial Statements

1 Principal Accounting Policies

The Financial Statements for the year to 30 April 2016 have been prepared on the basis of the accounting policies set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') has been introduced which the Company must adopt for its financial year ending 30 April 2016. Following the application of the new reporting standard and the AIC's issued Statement of Recommended Practice, there has been 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 the period previously reported. The Cash Flow Statement reflects the presentational requirements of FRS 102, which are different to FRS 1. In addition, the Cash Flow Statement reconciles to cash and cash equivalents whereas under previous UK GAAP the Cash Flow Statement reconciled to cash. Note 14 'Capital and Reserves' identifies which reserves are distributable. The Company has early adopted the amendments to Section 34 of FRS 102 regarding fair value hierarchy disclosures (see note 9 on pages 40 and 41).

(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 and derivative financial instruments 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 will be retained.

The Financial Statements have been prepared in accordance with the Companies Act 2006, applicable UK 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.

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

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

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

(b) Investments

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

Investments are designated as held at fair value through profit or loss on initial recognition and are measured at subsequent reporting dates at fair value. The fair value of listed investments is bid price or, in the case of FTSE 100 constituents or holdings on certain recognised overseas exchanges, last traded price. Listed investments can include Open Ended Investment Companies ('OEICs') authorised in the UK; these are valued at closing prices and are classified in the list of investments according to the principal geographical area of the underlying holdings.

Unlisted 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' unlisted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). These methodologies can be categorised as follows: (a) market approach (price of recent investment, multiples, industry valuation benchmarks and available market prices); (b) income approach (discounted cash flows); and (c) replacement cost approach (net assets).

(c) 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.

(d) Income

(i) Income from equity investments, is brought into account on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Equity investment income includes distributions from Collective Investment Schemes, other than those that relate to equalisation which are treated as capital items.

(ii) Interest from fixed interest securities (including the zero coupon element of the swap rate linked note) is recognised on an effective yield basis.

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

(iv) Franked investment income is stated net of tax credits.

(v) Underwriting commission and interest receivable on deposits are recognised on an accruals basis.

(vi) If scrip is taken in lieu of dividends in cash, the net amount of the cash dividend declared is credited to the revenue account. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital.

e) Expenses

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

(f) Long Term Borrowings and Finance Costs

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

(g) Deferred Taxation

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

h) Dividend Distributions

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

(i) Foreign Currencies

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

(j) Capital Reserve

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

2 Income

	2016 £'000	2015 £'000
Income from investments		
Franked investment income	2,491	4,685
UK unfranked investment income	383	356
Overseas dividends	12,127	14,116
Overseas interest	148	1,057
	15,149	**20,214**
Other income		
Deposit interest	–	1
	–	**1**
Total income	**15,149**	**20,215**
Total income comprises:		
Dividends from financial assets designated at fair value through profit or loss	14,618	18,801
Interest from financial assets designated at fair value through profit or loss	531	1,413
Interest from financial assets not at fair value through profit or loss	–	1
	15,149	**20,215**

3 Investment Management Fee

	2016 £'000	2015 £'000
Investment management fee	**4,617**	**4,668**

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

4 Other Administrative Expenses

	2016 £'000	2015 £'000
General administrative expenses	958	910
Directors' fees (see Directors' Remuneration Report on page 26)	165	152
Auditors' remuneration – statutory audit of annual Financial Statements	26	24
Auditors' non-audit remuneration – non-audit services (see page 24)	1	1
	1,150	**1,087**

5 Finance Costs of Borrowings

	2016 £'000	2015 £'000
Bank loans	708	263
Debenture stocks	2,583	2,583
	3,291	**2,846**

6 Tax on Ordinary Activities

	2016 £'000	2015 £'000
Analysis of charge in year		
Overseas tax	**1,137**	**1,065**
Factors affecting current tax charge for year		
The tax assessed for the year is higher (2015 – lower) than the average standard rate of corporation tax in the UK of 19.9% (2015 – 20.9%). The differences are explained below:		
Net return on ordinary activities before taxation	(3,053)	115,781
Net return on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 19.9% (2015 – 20.9%)	(608)	24,219
Capital returns not taxable	1,821	(21,790)
Income not taxable	(2,855)	(3,914)
Taxable expenses in the year not utilised	1,642	1,485
Overseas tax	1,137	1,065
Tax charge for the year	**1,137**	**1,065**

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

Factors that may affect future tax charges

At 30 April 2016 the Company had a potential deferred tax asset of £8,340,000 (2015 – £7,102,000) in respect of taxable losses which are available to be carried forward and offset against future taxable profits. A deferred tax asset has not been provided on these losses as it is considered unlikely that the Company will make suitable taxable revenue profits in excess of deductible expenses in future periods. The potential deferred tax asset has been calculated using a corporation tax rate of 19% (2015 – 20%). Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

7 Net Return per Ordinary Share

	2016 Revenue	2016 Capital	2016 Total	2015 Revenue	2015 Capital	2015 Total
Net return per ordinary share	**2.31p**	**(4.27p)**	**(1.96p)**	**4.74p**	**46.84p**	**51.58p**

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation of £4,954,000 (2015 – £10,549,000) and on 213,963,859 (2015 – 222,374,615) 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 £9,144,000 (2015 – gain of £104,167,000) and on 213,963,859 (2015 – 222,374,615) 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

	2016	2015	2016 £'000	2015 £'000
Amounts recognised as distributions in the year:				
Previous year's final (paid 7 August 2015)	3.45p	3.45p	7,382	7,824
Interim (paid 29 January 2016)	0.50p	0.50p	1,070	1,106
	3.95p	**3.95p**	**8,452**	**8,930**

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 £4,954,000 (2015 – £10,549,000).

	2016	2015	2016 £'000	2015 £'000
Amounts paid and payable in respect of the financial year:				
Adjustment to previous year's final dividend re shares bought back	–	–	–	(38)
Interim (paid 29 January 2016)	0.50p	0.50p	1,070	1,106
Proposed final (payable 5 August 2016)	1.00p	3.45p	2,140	7,382
	1.50p	**3.95p**	**3,210**	**8,450**

9 Investments

As at 30 April 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	1,064,545	–	–	**1,064,545**
Unlisted equities	–	–	7,657	**7,657**
Unlisted debt securities	–	–	7,232	**7,232**
Total financial asset investments	**1,064,545**	**–**	**14,889**	**1,079,434**

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

Investments in securities are financial assets held at fair value through profit or loss. In accordance with Financial Reporting Standard 102, the above tables provide an analysis of these investments based on the fair value hierarchy described on page 41, which reflects the reliability and significance of the information used to measure their fair value.

9 Investments (continued)

Fair Value Hierarchy

The fair value hierarchy used to analyse the 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).

	Equities £'000	Debt £'000	Total £'000
Cost of investments at 1 May 2015	936,045	83,865	**1,019,910**
Investment holding gains/(losses) at 1 May 2015	86,185	(9,470)	**76,715**
Value of investments at 1 May 2015	1,022,230	74,395	**1,096,625**
Movements in year:			
Purchases at cost	209,141	–	**209,141**
Sales – proceeds	(149,316)	(66,570)	**(215,886)**
– realised (losses)/gains on sales	(2,444)	4,885	**2,441**
Amortisation of fixed interest book cost	–	353	**353**
Changes in investment holding gains/(losses)	(7,409)	(5,831)	**(13,240)**
Value of investments at 30 April 2016	**1,072,202**	**7,232**	**1,079,434**
Cost of investments at 30 April 2016	993,426	22,533	**1,015,959**
Investment holding gains/(losses) at 30 April 2016	78,776	(15,301)	**63,475**
Value of investments at 30 April 2016	**1,072,202**	**7,232**	**1,079,434**

The purchases and sales proceeds figures above include transaction costs of £384,000 (2015 – £1,154,000) and £93,000 (2015 – £471,000) respectively. Of the realised gains on sales of fixed investments during the year of £2,441,000 (2015 – gains of £245,937,000), a net gain of £21,722,000 (2015 – £175,541,000) was included in investment holding gains/(losses) at the previous year end.

	2016 £'000	2015 £'000
(Losses)/gains on investments:		
Realised gains on sales	2,441	245,937
Changes in investment holding gains/(losses)	(13,240)	(146,662)
	(10,799)	**99,275**

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:

	2016 Shares held	2016 Value £'000	2016 % of Shares held	2015 Shares held	2015 Value £'000	2015 % of Shares held
Silk Invest Africa Food Fund	10,000	6,255	46.3	10,000	7,292	46.3

10 Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Accrued income and prepaid expenses	2,756	1,508
Sales for subsequent settlement	95	–
Overseas taxation recoverable	444	499
Other debtors	35	25
	3,330	**2,032**

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

	2016 £'000	2015 £'000
National Australia Bank Limited loan	46,078	84,284
Purchases for subsequent settlement	36	–
Share repurchases for subsequent settlement	–	2
Corporation tax	45	45
Other creditors and accruals	1,809	1,805
	47,968	**86,136**

None of the above creditors are financial liabilities held at fair value through profit or loss. Included in other creditors is £1,182,000 (2015 – £1,195,000) in respect of the investment management fee.

Borrowing facilities

At 30 April 2016 the Company had a 5 year £100 million floating rate loan facility with National Australia Bank Limited and an uncommitted 1 year £20 million floating rate loan facility with The Bank of New York Mellon.

At 30 April 2016 drawings were as follows:

— National Australia Bank Limited: US$67.5 million at an interest rate of 1.8351% (2015 – ¥15,500 million at an interest rate of 0.71918%)

— The Bank of New York Mellon: nil (2015 – nil)

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

During the year the Company replaced its ¥18,500 million 1 year facility with National Australian Bank with a £100 million 5 year facility with the same bank, with ¥15,500 million borrowings being repaid and US$67.5 million being drawn down.

There were no breaches of loan covenants during the year.

12 Creditors – Amounts falling due after more than one year

	Repayment date	Nominal rate	Effective rate	2016 £'000	2015 £'000
£40 million 6⅜% debenture stock 2023	1/9/2023	6.375%	6.5%	39,777	39,745

Debenture stock

The debenture stock is stated at amortised cost (see note 1 on page 37); the cumulative effect is to decrease the carrying amount of borrowings by £223,000 (2015 – £255,000). The debenture stock is secured by a floating charge over the assets of the Company. Under the terms of the Debenture Agreement, total borrowings should not exceed net assets and the Company cannot undertake share buy-backs if this would result in total borrowings exceeding 66.67%.

13 Called Up Share Capital

	2016 Number	2016 £'000	2015 Number	2015 £'000
Allotted and fully paid ordinary shares of 5p each	**213,963,859**	**10,698**	**213,963,859**	**10,698**

At 30 April 2016 the Company had authority to buy back 32,073,182 ordinary shares, being 14.99% of the shares in issue at the year end. No shares were bought back during the year. Under the provisions of the Company's Articles of Association share buy-backs are funded from the capital reserve.

14 Capital and Reserves

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 May 2015	10,698	11,100	8,700	943,958	49,135	**1,023,591**
Losses on fixed asset investments	–	–	–	(10,799)	–	**(10,799)**
Exchange differences on bank loans	–	–	–	(1,331)	–	**(1,331)**
Other exchange differences	–	–	–	2,986	–	**2,986**
Revenue return on ordinary activities after taxation	–	–	–	–	4,954	**4,954**
Dividends paid in the year	–	–	–	–	(8,452)	**(8,452)**
At 30 April 2016	**10,698**	**11,100**	**8,700**	**934,814**	**45,637**	**1,010,949**

The capital reserve balance at 30 April 2016 includes investment holding gains on investments of £63,475,000 (2015 – gains of £76,715,000) as detailed in note 9 on page 41. The revenue reserve is distributable by way of dividend. The Company's Articles of Association prohibit distributions by way of dividend from realised capital profits.

15 Shareholders' Funds

	2016 £'000	2015 £'000
Shareholders' funds	**1,010,949**	**1,023,591**

Shareholders' funds have been calculated in accordance with the provisions of FRS 102. However, the net asset value per share figures in note 16 have been calculated on the basis of shareholders' rights to reserves as specified in the Articles of Association of the Company. A reconciliation of the two figures is as follows:

	2016	2015
Shareholders' funds per ordinary share	472.5p	478.4p
Expense of debenture issue	(0.1p)	(0.1p)
Net asset value per ordinary share	**472.4p**	**478.3p**

16 Net Asset Value per Ordinary Share

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

	2016	2015	2016 £'000	2015 £'000
Ordinary shares	**472.4p**	**478.3p**	**1,010,726**	**1,023,336**

	2016 £'000	2015 £'000
The movements during the year of the assets attributable to the ordinary shares were as follows:		
Total net assets at 1 May	1,023,336	972,608
Return on ordinary activities after taxation	(4,190)	114,716
Dividends paid in the year	(8,452)	(8,930)
Amortisation of debenture issue expenses	32	33
Shares purchased for cancellation	–	(55,091)
Total net assets at 30 April	**1,010,726**	**1,023,336**

Net asset value per ordinary share is based on net assets (adjusted to reflect the deduction of the debentures at par) and on 213,963,859 (2015 – 213,963,859) ordinary shares of 5p, being the number of ordinary shares in issue at the year end. Shareholders' funds as reported in the Balance Sheet has been computed in accordance with the provisions of FRS 102. A reconciliation of the two sets of figures under these two conventions is given in note 15.

Deducting long term borrowings at fair value would have the effect of reducing net asset value per ordinary share from 472.4p to 470.1p. Taking the market price of the ordinary shares at 30 April 2016 of 425.3p, this would have given a discount to net asset value of 9.5% as against 10.0 % on a traditional basis. At 30 April 2015 the effect would have been to reduce net asset value per ordinary share from 478.3p to 476.0p. Taking the market price of the ordinary shares at 30 April 2015 of 435.1p, this would have given a discount to net asset value of 8.6% as against 9.0% on a traditional basis.

17 Contingent Liabilities, Guarantees and Financial Commitments

At 30 April 2016 and 30 April 2015 the Company had no contingent liabilities, guarantees or financial commitments.

18 Related Party Transactions

The Directors' fees for the year are detailed in the Directors' Remuneration Report on page 26. 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.

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 Managers have sufficient conviction that the assets funded by borrowed monies will generate a return in excess of the cost of borrowing. In pursuing its investment objective, the Company is exposed to a variety of risks that cause short term variation in the Company's net assets and could result in either a reduction in the Company's net assets or a reduction in the profits available for dividend.

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

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

Market Risk

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

Details of the Company's investment portfolio are shown in note 9.

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

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

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

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 2016	Investments £'000	Cash and cash equivalents £'000	Loans and debentures £'000	Other debtors and creditors * £'000	Net exposure £'000
US dollar	564,646	13,774	(46,078)	384	**532,726**
Japanese yen	90,510	–	–	598	**91,108**
Euro	84,587	36	–	914	**85,537**
Other overseas currencies	212,007	–	–	133	**212,140**
Total exposure to currency risk	951,750	13,810	(46,078)	2,029	**921,511**
Sterling	127,684	2,120	(39,777)	(589)	**89,438**
	1,079,434	**15,930**	**(85,855)**	**1,440**	**1,010,949**

* Includes non-monetary assets of £16,000.

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

* Includes non-monetary assets of £41,000.

Currency Risk Sensitivity

At 30 April 2016, 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 2015.

	2016 £'000	2015 £'000
US dollar	26,636	30,294
Japanese yen	4,555	1,152
Euro	4,277	3,315
Other overseas currencies	10,607	10,499
	46,075	**45,260**

19 Financial Instruments (continued)

Interest Rate Risk

Interest rate movements may affect directly:

— the fair value of the investments in fixed interest rate securities;

— the level of income receivable on cash deposits;

— the fair value of derivative instruments linked to interest rates;

— the fair value of the Company's fixed-rate borrowings; and

— the interest payable on any variable rate borrowings which the Company may take out.

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

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

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

Financial Assets

	2016 Fair value £'000	2016 Weighted average interest rate	2016 Weighted average period until maturity	2015 Fair value £'000	2015 Weighted average interest rate	2015 Weighted average period until maturity
Fixed rate:						
US bonds	–	–	–	55,123	0.5%	2 years
UK swap rate linked note*	5,933	7.2%	17 months	6,037	7.2%	2 years
Floating rate:						
UK swap rate linked note*	–	n/a	17 months	569	n/a	2 years
Fixed interest collective investment schemes:						
US dollar denominated funds	1,299	–	3 months	12,666	0.9%	n/a

*This instrument comprises a zero coupon note issued by Credit Suisse and an option on sterling interest rate swaps. The zero coupon element has a redemption value of £6.25m (fair value – 5,933,000) and the redemption value of the interest rate swap element (fair value – £nil) is based on a formula linked to thirty year sterling interest swap rates with higher amounts payable as rates rise. Prior to redemption, the value of the interest rate swap element will vary depending on several factors such as the level of swap rates and the implied volatility of interest rate swap options.

19 Financial Instruments (continued)

Financial Liabilities

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

Interest Rate Risk Profile

	2016 £'000	2015 £'000
Floating rate – US dollar	46,078	–
Floating rate – yen	–	84,284
Fixed rate – sterling	39,777	39,745
	85,855	**124,029**

Maturity Profile

	2016 Within 1 year £'000	2016 Between 1 and 5 years £'000	2016 More than 5 years £'000	2015 Within 1 year £'000	2015 Between 1 and 5 years £'000	2015 More than 5 years £'000
Repayment of loans and debentures	46,078	–	40,000	84,284	–	40,000
Interest on loans and debentures	2,764	10,200	6,375	2,720	10,200	8,925
	48,842	**10,200**	**46,375**	**87,004**	**10,200**	**48,925**

Interest Rate Risk Sensitivity

An increase of 100 basis points in bond/swap yields as at 30 April 2016 would have increased total net assets and total return on ordinary activities by £3,861,000 (2015 – £6,184,000) and would have increased the net asset value per share (with borrowings at fair value) by 3.0p (2015 – 4.2p). A decrease of 100 basis points would have increased total net assets and total return on ordinary activities by £174,000 (2015 – increased by £553,000) and would have decreased net asset value per share (with borrowings at fair value) by 1.1p (2015 – 1.0p).

Other Price Risk

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

Other Price Risk Sensitivity

A full list of the Company's investments is shown on pages 9 to 11. In addition, a geographical analysis of the portfolio, an analysis of the portfolio by broad industrial or commercial sector are contained in the Strategic Report. There were no derivative financial instruments open during the year other than the interest rate swap element of the Credit Suisse Note, as described on page 46.105.3% of the Company's net assets are invested in quoted equities (2015 – 99%). A 5% increase in quoted equity valuations at 30 April 2016 would have increased total assets and total return on ordinary activities by £53,227,000 (2015 – £50,649,000). A decrease of 5% would have had an equal but opposite effect.

Liquidity Risk

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

Credit Risk

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

— where the Investment Manager makes an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question;

— the Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Depositary has delegated the custody function to Bank of New York Mellon SA/NV London Branch. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Investment Managers monitor the Company's risk by reviewing the custodian's internal control reports and reporting their findings to the Board;

19 Financial Instruments (continued)

Credit Risk (continued)

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

Credit Risk Exposure

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

	2016 £'000	2015 £'000
Fixed interest investments	7,232	74,395
Cash and cash equivalents	15,930	50,815
Debtors and prepayments*	3,330	2,032
	26,492	**127,242**

* Includes non-monetary assets of £16,000 (2015 – £41,000).

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

Fair Value of Financial Assets and Financial Liabilities

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

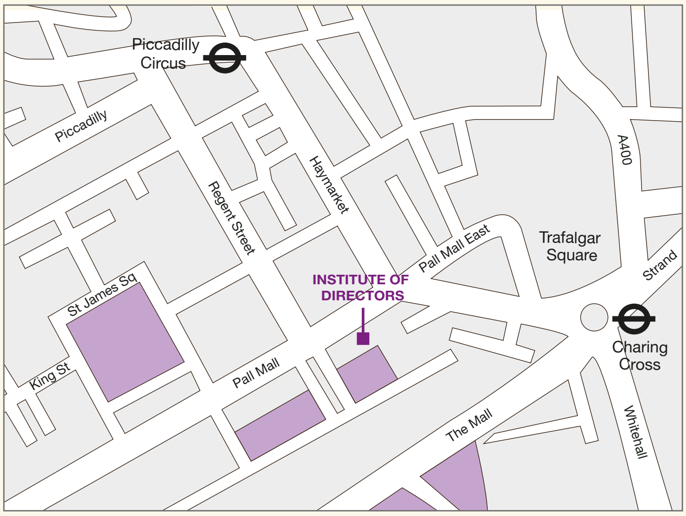
	2016 Nominal value £'000	2016 Book value £'000	2016 Fair value £'000	2015 Nominal value £'000	2015 Book value £'000	2015 Fair value £'000
Bank loans due within one year	46,078	46,078	46,078	84,284	84,284	84,284
6⅜% debenture stock 2023*	40,000	39,777	44,800	40,000	39,745	44,800
	86,078	**85,855**	**90,878**	**124,284**	**124,029**	**129,084**

* Financial liability stated in the Balance Sheet at amortised cost (book value).

Capital Management

The capital of the Company is its share capital and reserves as set out in note 14 together with its borrowings (see notes 11 and 12).
The objective of the Company is to invest globally to achieve capital growth, which takes priority over income and dividends.
The Company's investment policy is set out on page 15. In pursuit of the Company's objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern and details of the related risks and how they are managed are set out on pages 15,16, 22 and 23.
The Company has the ability to buy back its shares (see page 19) 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 and debentures which are detailed in notes 11 and 12.

Notice of Annual General Meeting



The Annual General Meeting of the Company will be held at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED on Wednesday, 3 August 2016, at 11.00 am.

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

Baillie Gifford may record your call.

Notice is hereby given that the eighty-seventh Annual General Meeting of The Monks Investment Trust PLC will be held at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED on Wednesday, 3 August 2016, at 11.00 am for the following purposes:

Ordinary Business

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

1. To receive and adopt the Financial Statements of the Company for the year ended 30 April 2016 with the Reports of the Directors and of the Independent Auditors thereon.
2. To approve the Directors' Annual Report on Remuneration for the year ended 30 April 2016.
3. To declare a final dividend of 1p per ordinary share.
4. To re-elect Mr JGD Ferguson as a Director.
5. To re-elect Mr EM Harley as a Director.
6. To re-elect Mr DCP McDougall as a Director.
7. To re-elect Mr KS Sternberg as a Director.
8. To re-elect Mr JJ Tigue as a Director.
9. To reappoint PricewaterhouseCoopers LLP as Independent Auditors.
10. To authorise the Directors to determine the remuneration of the Independent Auditors.
11. That 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 £1,069,819 (representing 10% of the Company's total issued share capital as at 13 June 2016), 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 and 13 as special resolutions:

12. That, subject to the passing of resolution 11 above, 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 pursuant to the authority given by resolution 11 above and to sell treasury shares 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 £1,069,819, representing approximately 10% of the nominal value of the issued share capital of the Company as at 13 June 2016.

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 shall be 32,073,182 Shares, or, if less, the number representing approximately 14.99% of the issued share capital on the date on which this resolution is passed;

    (b) the minimum price (exclusive of expenses) which may be paid for a Share shall be 5p;

    (c) the maximum price (exclusive of expenses) which may be paid for a Share shall be not more than the higher of: (i) 5 per cent above the average closing price on the London Stock Exchange of a Share over the five business days immediately preceding the date of purchase; and (ii) the higher of the last independent trade of, and the highest current independent bid for, a Share on the London Stock Exchange; and

    (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in respect of the year ending 30 April 2017, 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.

By order of the Board
Baillie Gifford & Co Limited
Company Secretary
24 June 2016

Notes

1. As a member you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form. You may not use any electronic address provided either in this notice or any related documents (including the Financial Statements and proxy form) to communicate with the Company for any purpose other than those expressly stated.
2. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand at the Registrars of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or **www.eproxyappointment.com** no later than two days (excluding non-working days) before the time of the meeting or any adjourned meeting.
3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and/or by logging on to the website **www.euroclear.com/CREST**. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
4. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID 3RA50) no later than two days (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

5. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish.
8. Shareholders participating in the Baillie Gifford Investment Trust Share Plan, Children's Savings Plan or the Baillie Gifford Investment Trust ISA who wish to vote and/or attend the meeting must complete and return the enclosed reply-paid Form of Direction.
9. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and Section 311 of the Companies Act 2006 the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company no later than the close of business two days (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
10. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
11. The statement of the rights of shareholders in relation to the appointment of proxies in notes 1 and 2 above does not apply to Nominated Persons. The rights described in those notes can only be exercised by shareholders of the Company.
12. The members of the Company may require the Company to publish, on its website, (without payment) a statement (which is also passed to the Auditors) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditors' report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.
13. Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website at **www.monksinvestmenttrust.co.uk**.
14. Members have the right to ask questions at the meeting in accordance with Section 319A of the Companies Act 2006.
15. 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.
16. As at 13 June 2016 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 213,963,859 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 13 June 2016 were 213,963,859 votes.
17. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his proxy will need to ensure that both he and his proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
18. No Director has a contract of service with the Company.

Further Shareholder Information

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

— participation in a diversified portfolio of shares;

— constant supervision by experienced professional managers; and

— the Company is free from capital gains tax on capital profits realised within its portfolio although investors are still liable for capital gains tax on profits when selling their investment.

How to Invest

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

Sources of Further Information on the Company

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

Key Dates

The Interim report is issued in December and the Annual Report is normally issued in June. The AGM is normally held at the start of August. In future, dividends will be paid by way of 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.

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 **www.investorcentre.co.uk**. They also offer a free, secure share management website service which allows you to:

— view your share portfolio and see the latest market price of your shares;

— calculate the total market price of each shareholding;

— view price histories and trading graphs;

Analysis of Shareholders at 30 April

Name	2016 Number	2016 %	2015 Number	2015 %
Institutions	70,228,741	32.8	80,845,315	37.8
Intermediaries	107,883,582	50.4	96,468,155	45.1
Individuals	14,114,347	6.6	15,253,426	7.1
Baillie Gifford Share Plans/ISA	21,018,640	9.8	20,401,769	9.5
Marketmakers	718,549	0.4	995,194	0.5
	213,963,859	**100.0**	**213,963,859**	**100.0**

— register to receive communications from the Company, including the Annual Report, in electronic format;

— update bank mandates and change address details; and

— use online dealing services.

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

Dividend Reinvestment Plan

Computershare operate a Dividend Reinvestment Plan which can be used to buy additional shares instead of receiving your dividend via cheque or into your bank account. For further information log on to **www.investorcentre.co.uk** and follow the instructions or telephone 0370 707 1694.

Electronic Proxy Voting

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

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

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

Cost-effective Ways to Buy and Hold Shares in Monks

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

The Baillie Gifford Investment Trust Share Plan

— No initial charge

— No annual wrapper charge

— Normally cheaper than dealing through a stockbroker

— Invest a lump sum from £250 or monthly from just £30

— No maximum investment limits

— Stop and start saving at any time with no charge

— Twice weekly dealing (usually Tuesday and Friday)

— A withdrawal charge of just £22

The Baillie Gifford Investment Trust ISA

— Tax-efficient investment

— No set-up charge

— Flat rate annual management charge currently of £32.50 + VAT

— Lump sum investment from £2,000 up to a maximum of £15,240 each tax year

— Save monthly from £100

— A withdrawal charge of just £22

ISA Transfers

— Transfer existing ISAs from other plan managers into the Baillie Gifford ISA

— Consolidate your plans into a managed global investment

— Minimum transfer value £2,000

The Baillie Gifford Children's Savings Plan

— An excellent way for parents, grandparents or other adults to invest for a child

— No initial charge

— No annual wrapper charge

— The option of a designated account or a bare trust in favour of the child

— Flexible investment options: lump sum from £100 or monthly saving from just £25

— A withdrawal charge of just £22

Online Management Service

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

— obtain current valuations;

— make lump sum investments, except where there is more than one holder;

— sell part or all of your holdings, except where there is more than one holder;

— switch between investment trusts, except where there is more than one holder; and

— update certain personal details e.g. address and telephone number.

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

Further information

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

Risks

Past performance is not a guide to future performance.

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

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

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

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

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

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

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

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

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

Monks is listed on the London Stock Exchange. It is not authorised 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**, or by calling Baillie Gifford on 0800 917 2112. This information has been issued and approved by Baillie Gifford & Co Limited, the Managers and Secretaries, and does not in any way constitute investment advice.

Communicating with Shareholders

Trust Magazine

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

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

Monks on the Web

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

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

Suggestions and Questions

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

Literature in Alternative Formats

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

Client Relations Team Contact Details

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

Telephone: 0800 917 2112
Your call may be recorded for training or monitoring purposes.

E-mail: trustenquiries@bailliegifford.com
Website: www.bailliegifford.com
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Client Relations Team
Baillie Gifford Savings Management Limited
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1 Greenside Row
Edinburgh EH1 3AN

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

The Common Reporting Standard

As of 1 January 2016 a new piece of tax legislation, The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ('The Common Reporting Standard'), came into effect.

The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. As an affected company, The Monks Investment Trust PLC 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.

All new shareholders, excluding those whose shares are held in CREST, who come on to the share register with effect from 1 January 2016 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 **https://www.gov.uk/government/publications/exchange-of-information-account-holders**.

Alternative Investment Fund Managers (AIFM) Directive

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Baillie Gifford & Co Limited, is required to be made available to investors. In accordance with the Directive, the AIFM remuneration policy is available on the Managers' website at **www.bailliegifford.com** or on request (see contact details on the back cover). The numerical remuneration disclosures in respect of the AIFM's first relevant reporting period (year ended 31 March 2016) are also available at **www.bailliegifford.com**.

The Company's maximum and actual leverage levels (see Glossary of Terms below) at 30 April 2016 are as follows:

Leverage

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

Glossary of Terms

Total Assets
Total assets less current liabilities, before deduction of all borrowings.

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

Net Asset Value at Fair
Borrowings are valued at an estimate of their market worth.

Net Asset Value at Par
Borrowings are valued at their nominal par value.

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

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

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

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

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

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

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

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

Equity gearing is the Company's borrowings at par less cash, brokers balances and bonds, expressed as a percentage of shareholders' funds*.

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

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

Directors

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Company Details

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Company Registration
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Further Information

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