

THE MONKS INVESTMENT TRUST PLC

Global growth from
different perspectives





Front cover

An evening view of a Singapore container terminal just after dusk.

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.

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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 2017

	1 year	3 years	5 years	10 years
Net Asset Value*† (NAV)	40.0	57.3	78.6	113.3
Share Price	53.9	80.4	101.8	143.0
FTSE World Index#	31.0	55.4	101.6	139.0

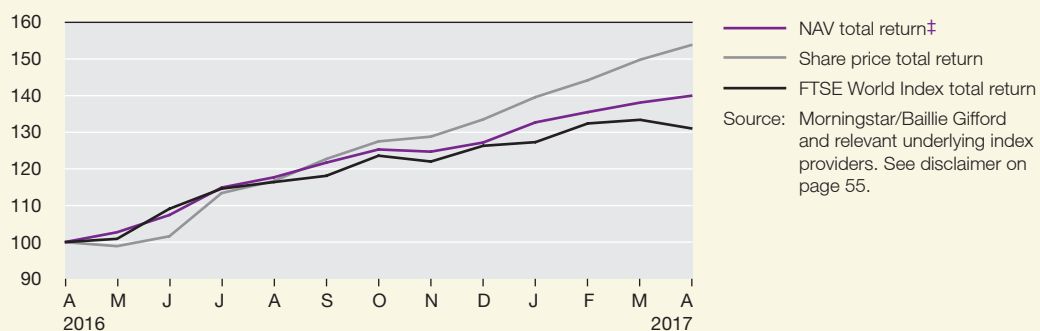
Source: Baillie Gifford/Morningstar and relevant underlying index providers. See disclaimer on page 55.

Discount, Ongoing Charges and Active Share*

	2017	2016
Discount‡	0.6%	9.5%
Ongoing Charges	0.59%	0.59%
Active Share	93%	93%

Total Return Performance*

Year to 30 April 2017



* See Glossary of Terms on page 56.

† 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.

Past performance is not a guide to future performance.

Chairman's Statement

Monks has had an excellent year, as you will see from this report. The weakness in Sterling contributed to the result, but the key to it was the performance of our new portfolio which was established two years ago. Our managers have commented on this as follows:

"Our approach is to focus on a range of the world's best businesses and to hold them for several years, often through political and economic cycles and uncertainties. The long-term revenue and profit growth potential of our investments dominates our analysis, as opposed to guesswork surrounding variations in global GDP, interest rates or politics. Indeed, one of the strengths which defines successful businesses is their ability to adapt and evolve in the face of changing external circumstances, with the best managers also having the ambition and vision to exploit new opportunities as and when they appear. Such companies should over time contribute greatly to social and economic development; they are the wealth creators and we as their shareholders can profit from their efforts. The bulk of our investments produced revenue and profit growth in line or ahead of our expectations during the reporting period."

We are encouraged by the results that the implementation of the new approach has produced so far, but we note the caveat in the Managers' Report on page 4 that performance should be judged over a period of at least five years.

Performance

In the year to 30 April 2017, the total return for the FTSE World Index was 31.0% while the Company's net asset value total return (NAV), with borrowings at fair value, was 40.0%. The share price total return was greater at 53.9% because of the narrowing of the discount. The Company's one year net asset value performance ranked it third out of 23 AIC Global sector peer trusts.

Earnings and Dividend

Earnings per share increased from 2.31p to 2.36p. The Board is recommending that a single final dividend of 1.25p should be paid for the year, compared to a total of 1.5p last year. This is the minimum required to maintain the Company's investment trust status, reflecting our priority which is capital growth. No interim dividend was paid during the year.

Borrowings and Gearing

As advocates of the potential for strong real returns from equities over the long term, our managers will typically maintain a geared position. At present, we have agreed with them a gearing range of 5% net cash to plus 10% invested in equities. As at the financial year end, Monks equity gearing was 6.2%, which was unchanged over the year.

In addition to the £40m debenture that expires in 2023, the Company has a multi-currency revolving credit facility with National Australia Bank, of which US\$87m is drawn at present.

Discount

The discount has narrowed substantially over the last two years. When the current team was appointed in March 2015 the discount (when calculated with borrowings at fair value) was 14.3%; by end April 2016 it had narrowed to 9.5% and as at the

end of April 2017 it had moved to 0.6%. Since the year end the Company has occasionally traded at a small premium. If a clear premium to NAV emerges, we may issue shares to satisfy the demand from the market.

Management Fee

We have agreed a new tiered management fee with effect from 1 May 2017. The annual management fee payable to Baillie Gifford & Co Limited is now 0.45% on the first £750m of total assets and 0.33% on the remaining total assets (as defined in note 3 on page 39). Previously the fee payable was a flat 0.45% on total assets less current liabilities. Applying the new arrangement to the financial year to 30 April 2017, it is estimated that the ongoing charge would have been reduced by approximately £508,000. The new fee arrangement was instigated by our managers and ensures that shareholders benefit from economies of scale. The ongoing charge for the Company's last financial year was 0.59%.

The Board

During the financial year under review, we welcomed Belinda Richards and Professor Sir Nigel Shadbolt to the Board. Belinda Richards is a former senior partner at Deloitte LLP with a thirty year career specialising in business operations and strategy development with a particular focus on the Financial Services and Consumer Products sectors. Professor Sir Nigel Shadbolt is Principal of Jesus College, Oxford, Professorial Research Fellow in the Department of Computer Science, University of Oxford and a visiting Professor of Artificial Intelligence at the University of Southampton. He specialises in open data and artificial intelligence.

As a consequence of the increase in the number of Directors and with a view to giving flexibility for the future, we are seeking shareholder authority at the Annual General Meeting to increase the Company's aggregate Directors' fees limit from £200,000 to £300,000 per annum. This aggregate level was last increased in 2003 and the Board has no intention of increasing the Directors' fees this year.

Outlook

Despite the present political uncertainties, the global economy is enjoying its most rapid expansion for many years. US consumer confidence is high, and the European economy is now recovering strongly. As long-term investors in growth, our portfolio managers see many bright spots about which to be optimistic, based on their analysis of the companies in our portfolio.

Annual General Meeting

I hope shareholders will come to the Annual General Meeting, which will be held on Wednesday 2 August 2017 at 11.00 am at the Institute of Directors (see map on page 50). The 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
27 June 2017

The Managers' Core Investment Beliefs

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

Active Management

- We invest in attractive companies using a 'bottom-up' investment process. Macroeconomic forecasts are of relatively little interest to us.
- High active share* provides the potential for adding value.
- We ignore the structure of the index – for example the location of a company's HQ and therefore its domicile are less relevant to us than where it generates sales and profits.
- Large swathes of the market are unattractive and of no interest to us.
- As index agnostic global investors we can go anywhere and only invest in the best ideas.
- As the portfolio is very different from the index, we expect portfolio returns to diverge – sometimes substantially and often for prolonged periods.

Committed Growth Investors

- In the long run, share prices follow fundamentals; growth drives returns.
- We aim to produce a portfolio of stocks with above average growth – this in turn underpins the ability of Monks to add value.
- We have a differentiated approach to growth, focusing on the type of growth that we expect a company to deliver. All equity 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.

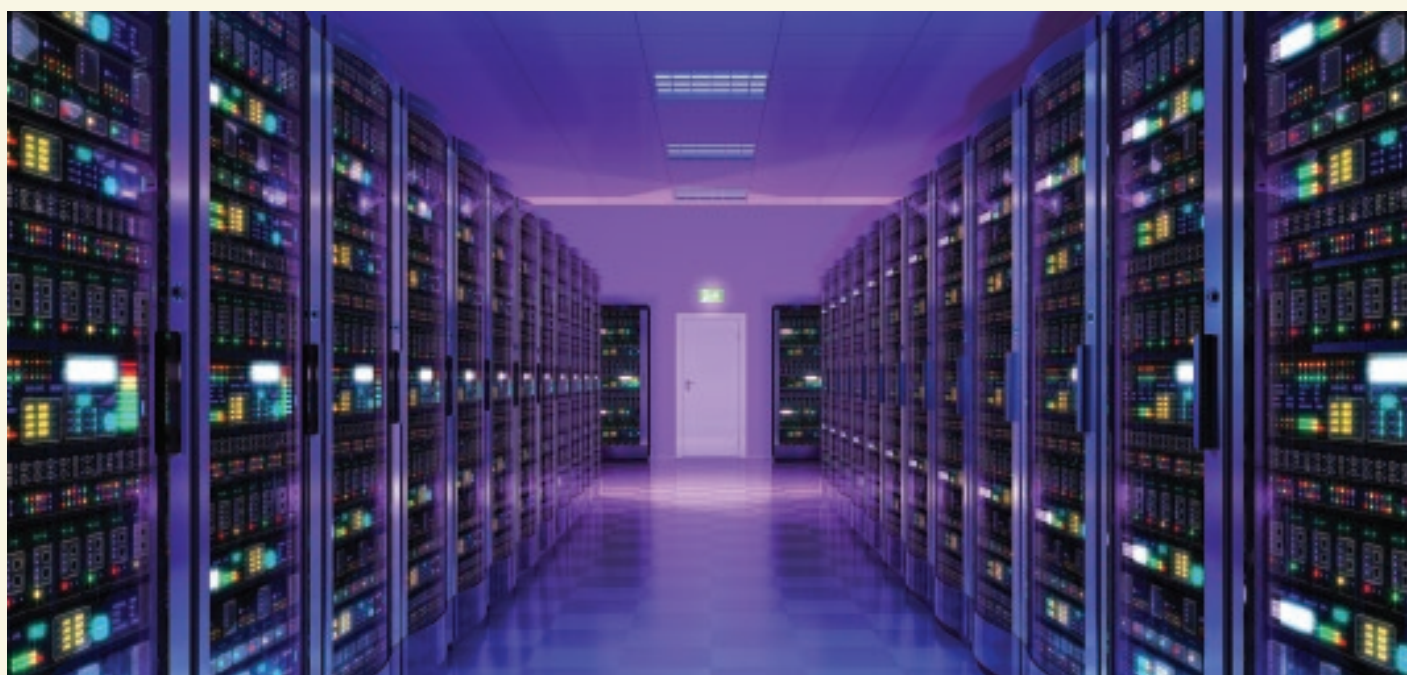
Portfolio Construction

- Equities 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 56.



Managers' Report

Background

Markets were strong in the year to end April 2017, with returns to Sterling investors flattered by the pronounced weakness in the pound which followed the UK's decision to leave the European Union. Global headlines throughout the period were dominated by political uncertainties and predictions of economic gloom, yet the reality was that few of these fears were realised and companies across the world were, in general, able to produce good revenue and profit growth against a background of stable low inflation and continuing low interest rates. There was limited divergence of performance between the major markets or between sectors; it was a year when stock selection dominated.

Performance

During the year to 30 April 2017 the Company's net asset value (NAV), with borrowings at fair value, returned 40.0%, significantly ahead of the FTSE World Index at 31.0%. While this is a more than satisfactory outcome, we believe that performance should only be judged over longer time periods of five years or more, so it is still early days for the new management team. Over the two years since the change in approach the NAV return has been 39.4% compared to the benchmark at 31.6%.

Remarkably 29 of our holdings appreciated by more than 50% in Sterling during the year and 7 by more than 100%. These big winners come disproportionately from two of our favourite growth areas: Platform businesses and Technology companies, notably those involved in semi-conductors. Among the Platforms we saw big contributions from long-term holdings including Amazon which is now our largest holding, MercadoLibre and Alibaba (respectively the leading Brazilian and Chinese ecommerce platforms), Naspers, a South African based internet investor, and MarketAxess which is an electronic bond trading platform. The diverse nationality of these companies demonstrates that geography was not a big influence but rather similarities in business model and scale alongside secular changes in behaviour enabled by the internet and the development of mobile services were the key success factors. It is interesting to note that despite very strong share price appreciation we made no sales of any of these holdings but rather added to Alibaba and Naspers during the year as we continue to believe such companies are capable of substantial further growth.

Broader technological progress is also driving demand for advanced electronics and in particular for the semi-conductors which enable everything from our mobile phones to industrial automation, medical diagnostics and treatments and electric (and eventually autonomous) vehicles. The semi-conductor industry has historically proven highly cyclical and unpredictable but it remains our contention that significant consolidation across several strands of the industry will result in more dominant leaders and more rational behaviour, particularly as it relates to new capacity and pricing. Combined with a rapid uptick in demand based on this wide range of new applications, this should produce significant future profits and a more positive assessment of the companies involved. The strong share price performance of holdings such as Nvidia, Teradyne, Samsung Electronics and Veeco, each of which more than doubled in the year, along with Rohm and TSMC suggests that this process has begun, though as with the Platform winners, we believe there is considerably more to go for.

We also saw strong relative share price performance across a broad spread of holdings including financials such as Sberbank, First Republic and HDFC (respectively Russian, American and Indian banks); industrials such as Renishaw, Atlas Copco, CRH and Lincoln Electric; and consumer companies including Royal Caribbean Cruises. The only notable negative contributors to performance, both of which remain in the portfolio, were Myriad Genetics (medical diagnostics) and Novo Nordisk, the world leader in diabetes treatment. Both fell victim to pricing pressures as regulators and competitors combined to try to get US healthcare costs under control but we believe each has technical leadership which should enable a better long-term outcome.

Performance was also helped by gearing, with borrowed funds invested in the equity markets contributing approximately 1.7% to returns for the year. We put the equity gearing in place in two stages following market weakness in late 2015 and early 2016. We have been waiting patiently for an opportunity to take the level of borrowings to what we consider the long-term norm of 10% of shareholders' funds. The market's strength has dissuaded us from taking out further borrowings for the time being but we remain alert to opportunities and we have scope within our existing bank arrangements to move quickly should the chance arise.

In addition to the strong performance of the underlying portfolio and the positive impact of gearing, shareholders also benefited during the year from a narrowing of the discount from 9.5% to 0.6% (calculated with borrowings at fair value). This boosted the share price total return to a gain of 53.9%. The reduction in the discount was the result of our efforts to generate more buyers of Monks' shares in the market while reducing the level of selling by existing shareholders. The approach we have taken is to explain clearly and consistently our investment approach to both existing and potential shareholders, focusing on those we consider to be the natural long-term holders, namely private individuals, those advised by intermediaries such as wealth managers and smaller charities and foundations. The main factor tying these groups together is their willingness to take a very long-term view of their investments, without the inclination for expensive and uncertain short-term portfolio trading.

We are encouraged by progress so far but recognise that if we are to prevent the discount from widening out again, we shall have to continue to demonstrate ongoing potential for strong performance. We are pleased that this is the second successive year where the Company has not needed to buy back shares and, in contrast, we are now approaching the position where we might potentially issue new shares at a premium to NAV in order to satisfy demand from buyers. Now that we have agreed a new lower tiered fee scale with the Board, any growth in assets will result in lower costs for all shareholders.

Portfolio Changes

Portfolio turnover was lower than in recent years at 13.8%, suggesting an average holding period of over seven years, in line with our long-term perspective. The table on page 5 shows the new purchases and complete sales. We sold a number of successful investments where valuations now largely discount future prospects, including Shimano, Ferrari, Wolseley and Dolby and in a similar vein we also reduced Markel, First Republic, Ryanair and CRH. The balance of disposals were of companies

New Purchases	Complete sales
Abiomed	Aggreko
AP Moller-Maersk	American Express
China Biologic Products	Banco Popular Español
Ctrip.com International	Coca Cola HBC
GRAIL	Dolby Laboratories
HTC	eBay
Infineon Technologies	Ferrari
Interactive Brokers Group	Jardine Matheson
Jardine Strategic Holdings	Monsanto
Kansai Paint	Nanoco
LendingTree	Praxair
Line	Qualcomm
PageGroup	Shimano
Resmed	SK Hynix
SiteOne Landscape Supply	SoftBank
Trupanion	Stratasys
Verisk Analytics	THK
	Victrex
	Volvo
	Wolseley

growth from a range of strong and adaptable businesses with superior prospects. We are less confident that aggregate stockmarket indices will make continued progress given the number of large companies and industries which look to us to be ripe for disruption and long-term decline. Our job is to ensure that the portfolio has sufficient exposure to the winners and the foresight to avoid too many of the losers.

Politics across the developed world does seem to be becoming less predictable, in part because of competition from fast developing economies and in part because of the impact of new technologies on societies. While aggregate market valuations appear high and perhaps fail to reflect some of the external risks, we believe that the portfolio carries significantly lower redundancy risk and well above average growth potential, thereby justifying premium valuations. Half of the portfolio is, in any case, not dependant on general economic development but rather on secular drivers. Such companies, and we have already referred to several of them in discussion of performance and transactions, should succeed or fail on their own efforts and we describe these as 'economically agnostic' (see chart on page 8). In many cases we believe that the winner in a particular industry will take the vast majority of the rewards, so that as a dominant leader such as Amazon, Alibaba, Samsung or Facebook emerges, so the risks from competitors reduce, higher valuations can be justified and holdings can be allowed to rise in size. While the growth rates of such companies will eventually slow, margins and cashflows should improve and returns to shareholders remain healthy.

The other half of the portfolio is more economically sensitive and reflects three broad themes: continued confidence in American growth; a revival in Emerging Markets; and cautious optimism that we are past the worst in Japan and Europe. While the progress of the Trump administration's reforms are uncertain, we believe the direction of tax and industrial policy is broadly positive and should support the economy, with incentives to increase investment and research particularly important for the longer term. A number of Emerging Markets are benefiting from a cyclical recovery after a difficult few years, supported by competitive currencies and praiseworthy efforts to improve governance and reduce corruption; in several such countries politics is actually becoming a cause for optimism. The portfolio's exposure to Europe and Japan is currently modest but the passage of time and increased pressure for change and reform suggests growing scope for positive news.

Overall we are seeing more opportunities for profitable investment all over the world and we look forward with confidence. We believe we are closely aligned with the interests of investors looking for a low cost, actively managed global trust which they can buy easily in the market and then hold for the very long term.

Charles Plowden
Spencer Adair
Malcolm MacColl
Baillie Gifford & Co
27 June 2017

which have failed to develop as we had previously hoped, many of which had entered the portfolio as smaller 'incubator' positions, reflecting the wide range of possible outcomes and uncertainties. It is our practice not to dwell on such unknowns as risk taking is at the heart of our investment approach and failures are inevitable; the key is to include as many successes as possible.

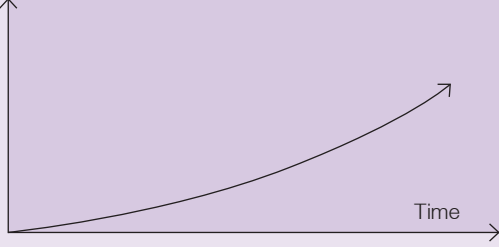
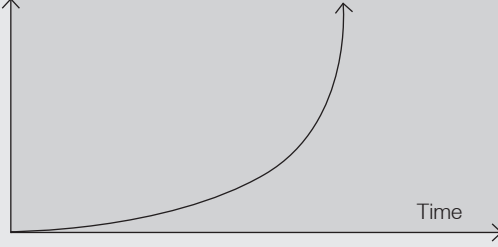
Several of the new purchases were of 'Rapid' growth stocks, including a number of relatively immature but high potential companies which address large markets with innovative solutions. Examples include Abiomed (heart pumps), LendingTree (consumer finance portal), China Biologics (plasma products) and GRAIL (cancer diagnosis). GRAIL is a start up company, working on the development of blood tests for the early detection of cancer. It is currently not listed on the stockmarket but has a pedigree list of backers including Illumina, Google and a number of leading pharmaceutical companies. One of the advantages of investment trusts relative to open-ended vehicles is this ability to invest in unquoted companies. We will continue to look out for further unique and high potential opportunities not otherwise accessible through public markets, however, we do not expect to hold more than a handful of such companies. Other new purchases represented more established growth businesses such as Resmed, Verisk, Infineon and Ctrip. Lastly, we acquired initial incubator sized holdings in two out of favour 'Latent' growth stocks HTC and AP Moller-Maersk. In each case we are hoping for much improved future prospects, especially as capacity is now growing more slowly than demand while self help and restructuring offer benefits on top. Both are strongly financed and would look significantly undervalued should our positive case come through.

Outlook for the Portfolio

Following the significant rise in the Monks share price over the last twelve months we must prepare ourselves for the likelihood of lower returns in the future. But importantly, we still believe portfolio returns should be positive, based on continued profit

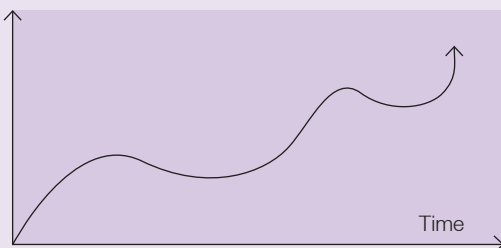
Equity Portfolio by Growth Category

As at 30 April 2017

	Growth Stalwarts	Rapid Growth																																																				
	<p>Earnings</p>  <p>c.10% p.a. earnings growth</p> <p>Company characteristics</p> <p>Durable franchise</p> <p>Deliver robust profitability in most macroeconomic environments</p> <p>Competitive advantage includes dominant local scale, customer loyalty and strong brands</p>	<p>Earnings</p>  <p>c.15% to 25% p.a. earnings growth</p> <p>Company characteristics</p> <p>Early stage businesses with vast growth opportunity</p> <p>Innovators attacking existing profit pools or creating new markets</p>																																																				
Highest conviction holdings c.2.0% each	<table border="1"> <tr><td>Prudential</td><td>3.4</td></tr> <tr><td>SAP</td><td>2.1</td></tr> <tr><td>Anthem</td><td>2.0</td></tr> <tr><td>Moody's</td><td>1.7</td></tr> </table>	Prudential	3.4	SAP	2.1	Anthem	2.0	Moody's	1.7	<table border="1"> <tr><td>Amazon.com</td><td>3.8</td></tr> <tr><td>Naspers</td><td>3.1</td></tr> <tr><td>Alphabet</td><td>2.5</td></tr> <tr><td>AIA</td><td>2.0</td></tr> <tr><td>Alibaba</td><td>1.9</td></tr> </table>	Amazon.com	3.8	Naspers	3.1	Alphabet	2.5	AIA	2.0	Alibaba	1.9																																		
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Average sized holdings c.1.0% each	<table border="1"> <tr><td>Visa</td><td>1.3</td></tr> <tr><td>Schindler</td><td>1.2</td></tr> <tr><td>MasterCard</td><td>1.2</td></tr> <tr><td>Verisk Analytics</td><td>0.9</td></tr> <tr><td>Novo Nordisk</td><td>0.9</td></tr> <tr><td>Waters</td><td>0.8</td></tr> <tr><td>Resmed</td><td>0.8</td></tr> <tr><td>Colgate-Palmolive</td><td>0.7</td></tr> </table>	Visa	1.3	Schindler	1.2	MasterCard	1.2	Verisk Analytics	0.9	Novo Nordisk	0.9	Waters	0.8	Resmed	0.8	Colgate-Palmolive	0.7	<table border="1"> <tr><td>MercadoLibre</td><td>1.5</td></tr> <tr><td>Ryanair</td><td>1.5</td></tr> <tr><td>Facebook</td><td>1.4</td></tr> <tr><td>Seattle Genetics</td><td>1.2</td></tr> <tr><td>iRobot</td><td>1.1</td></tr> <tr><td>Ctrip.com International</td><td>1.1</td></tr> <tr><td>ICICI Bank</td><td>1.0</td></tr> <tr><td>Nvidia</td><td>1.0</td></tr> <tr><td>Baidu</td><td>0.9</td></tr> <tr><td>MarketAxess</td><td>0.9</td></tr> <tr><td>Tesla</td><td>0.9</td></tr> <tr><td>HDFC</td><td>0.9</td></tr> <tr><td>Yandex</td><td>0.9</td></tr> <tr><td>GrubHub</td><td>0.7</td></tr> <tr><td>LendingTree</td><td>0.7</td></tr> </table>	MercadoLibre	1.5	Ryanair	1.5	Facebook	1.4	Seattle Genetics	1.2	iRobot	1.1	Ctrip.com International	1.1	ICICI Bank	1.0	Nvidia	1.0	Baidu	0.9	MarketAxess	0.9	Tesla	0.9	HDFC	0.9	Yandex	0.9	GrubHub	0.7	LendingTree	0.7						
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Incubator holdings c.0.5% each	<table border="1"> <tr><td>Bureau Veritas</td><td>0.6</td></tr> <tr><td>Olympus</td><td>0.6</td></tr> <tr><td>Kansai Paint</td><td>0.5</td></tr> <tr><td>Stericycle</td><td>0.5</td></tr> <tr><td>Dia</td><td>0.4</td></tr> </table>	Bureau Veritas	0.6	Olympus	0.6	Kansai Paint	0.5	Stericycle	0.5	Dia	0.4	<table border="1"> <tr><td>Renishaw</td><td>0.6</td></tr> <tr><td>Cyberagent</td><td>0.6</td></tr> <tr><td>Schibsted</td><td>0.6</td></tr> <tr><td>Infineon Technologies</td><td>0.5</td></tr> <tr><td>BM&F Bovespa</td><td>0.5</td></tr> <tr><td>M3</td><td>0.5</td></tr> <tr><td>Financial Engines</td><td>0.4</td></tr> <tr><td>Zillow</td><td>0.4</td></tr> <tr><td>Trupanion</td><td>0.4</td></tr> <tr><td>Qiagen</td><td>0.4</td></tr> <tr><td>Abiomed</td><td>0.4</td></tr> <tr><td>GRAIL</td><td>0.4</td></tr> <tr><td>TripAdvisor</td><td>0.4</td></tr> <tr><td>IP Group</td><td>0.4</td></tr> <tr><td>China Biologic Products</td><td>0.4</td></tr> <tr><td>Myriad Genetics</td><td>0.4</td></tr> <tr><td>Japan Exchange</td><td>0.4</td></tr> <tr><td>Interactive Brokers Group</td><td>0.4</td></tr> <tr><td>Line</td><td>0.4</td></tr> <tr><td>Intuitive Surgical</td><td>0.4</td></tr> <tr><td>Alnylam Pharmaceuticals</td><td>0.3</td></tr> </table>	Renishaw	0.6	Cyberagent	0.6	Schibsted	0.6	Infineon Technologies	0.5	BM&F Bovespa	0.5	M3	0.5	Financial Engines	0.4	Zillow	0.4	Trupanion	0.4	Qiagen	0.4	Abiomed	0.4	GRAIL	0.4	TripAdvisor	0.4	IP Group	0.4	China Biologic Products	0.4	Myriad Genetics	0.4	Japan Exchange	0.4	Interactive Brokers Group	0.4	Line	0.4	Intuitive Surgical	0.4	Alnylam Pharmaceuticals	0.3
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	Total in this growth category 19.6%	Total in this growth category 38.2%																																																				

Cyclical Growth

Earnings



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

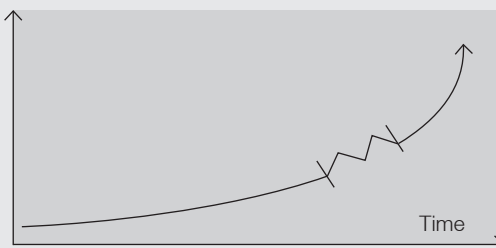
Company characteristics

Subject to macroeconomic and capital cycles with significant structural growth prospects

Strong management teams highly skilled at capital allocation

Latent Growth

Earnings



Earnings growth to accelerate over time

Company characteristics

Company specific catalyst will drive above average earnings in future

Unspectacular recent operational performance and therefore out of favour

Royal Caribbean Cruises	3.2
TSMC	2.1
CRH	2.0
TD Ameritrade	1.6
CarMax	1.6

Samsung Electronics	1.8
MS&AD Insurance	1.7

Total in this holding size 36.5%

Martin Marietta Materials	1.3
Teradyne	1.2
Richemont	1.1
Markel	1.1
Atlas Copco	1.0
EOG Resources	0.9
Leucadia National	0.9
First Republic Bank	0.9
Hays	0.9
Lincoln Electric	0.9
Svenska Handelsbanken	0.8
Wabtec	0.8
CH Robinson Worldwide	0.7
SMC	0.7
Jardine Strategic Holdings	0.7

Bank of Ireland	0.9
Apache	0.9
Sberbank of Russia	0.8
Veeco Instruments	0.7
Fairfax Financial	0.7
Carlsberg	0.7

Total in this holding size 42.1%

Deutsche Boerse	0.6
Brambles	0.6
Rolls Royce	0.6
Ritchie Bros Auctioneers	0.5
PageGroup	0.5
Kirby	0.5
Sands China	0.4
DistributionNOW	0.4
SiteOne Landscape Supply	0.3
Ferro Alloy Resources	0.1

Howard Hughes	0.6
Toyota Tsusho	0.6
Tsingtao Brewery	0.6
Rohm	0.5
Autohome	0.5
HTC	0.4
Silk Invest Africa Food Fund	0.4
OC Oerlikon	0.4
AP Moller-Maersk	0.4
Fiat Chrysler Autos	0.4
MTN	0.2
Doric Nimrod Air One	0.1
Juridica Investments	–

Total in this holding size 21.4%

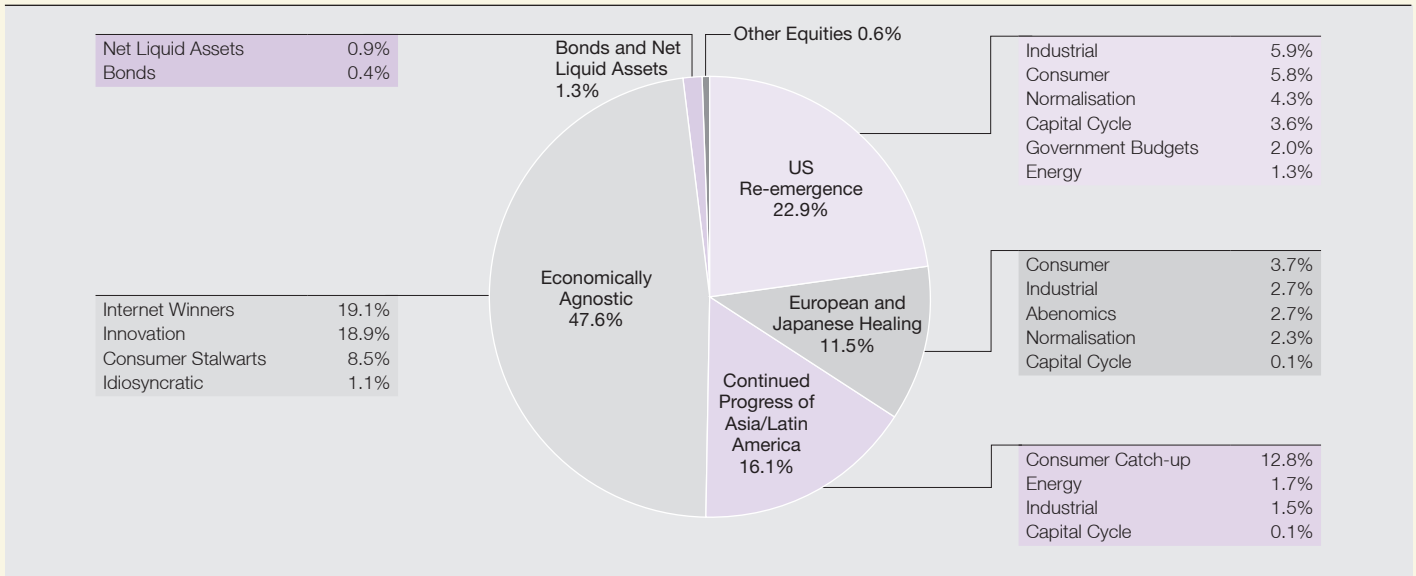
Total in this growth category 28.9%

Total in this growth category 13.3%

Portfolio Positioning

As at 30 April 2017

Thematic Risk Categories



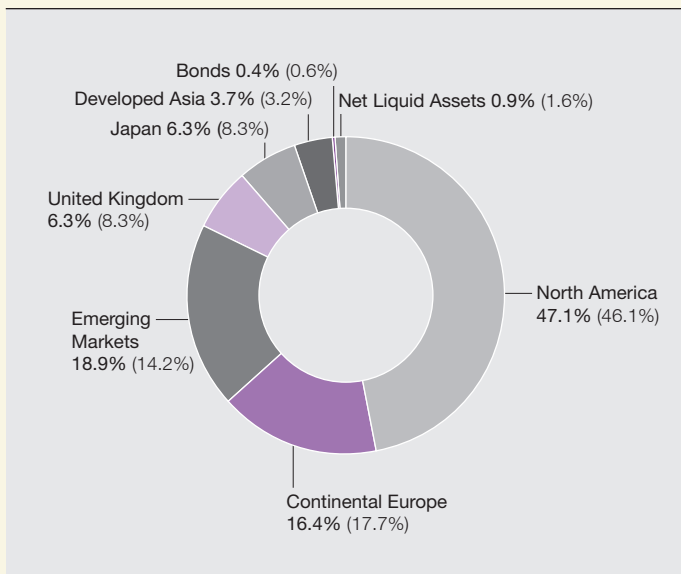
Although the managers' approach to stock picking is resolutely bottom up in nature and pays no attention to the structure of the index, it is essential to understand the risks of each investment and, in turn, where there may be concentrations of exposures. The chart above outlines the key exposures of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

- 47.6% of stocks are classified as economically agnostic. This includes businesses which are believed to be innovation leaders in their particular fields, such as the healthcare companies Alnylam Pharmaceuticals and Resmed, or the internet giants Alibaba and Facebook. There is also a selection of Stalwart Growth businesses, including Colgate-Palmolive and MasterCard.
- 22.9% is invested in stocks identified to be the beneficiaries of the continued economic recovery of the United States.

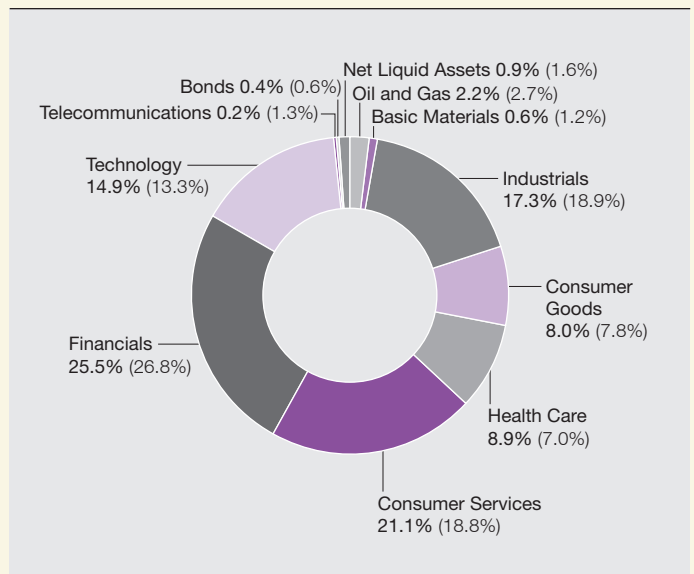
These holdings are spread across different areas of the economy from an industrial business like Martin Marietta, a leading US aggregates supplier, to the consumer company, Royal Caribbean Cruises.

- 11.5% 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.
- 16.1% of the portfolio is exposed to the long-term growth trends within developing markets, particularly Asia. Examples include the insurance group AIA and Indian financials ICICI and HDFC.
- The remaining 1.9% is predominantly comprised of bonds and net liquid assets.

Geographical 2017 (2016)



Sector 2017 (2016)



List of Investments

As at 30 April 2017

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities					
Amazon.com	Online retailer	Rapid	56,326	3.7	
Prudential	International financial services	Stalwart	50,355	3.3	
Royal Caribbean Cruises	Cruise line operator	Cyclical	48,657	3.2	
Naspers	Media and e-commerce	Rapid	47,399	3.1	
Alphabet	Online search and platform provider	Rapid	37,578	2.5	
SAP	Enterprise software	Stalwart	32,272	2.1	
TSMC	Semiconductor manufacturer	Cyclical	31,555	2.1	
AIA	Asian insurance provider	Rapid	30,660	2.0	
Anthem	Healthcare insurer	Stalwart	30,548	2.0	
CRH	Diversified building materials	Cyclical	30,110	2.0	26.0
Alibaba	Online and mobile commerce	Rapid	28,245	1.9	
Samsung Electronics	Consumer and industrial electronic equipment	Latent	26,560	1.7	
Moody's	Credit rating agency	Stalwart	25,318	1.7	
MS&AD Insurance	Non-life insurer	Latent	24,923	1.6	
TD Ameritrade	Online brokerage	Cyclical	23,623	1.6	
CarMax	Used car retailer	Cyclical	23,478	1.5	
MercadoLibre	Latin American e-commerce platform	Rapid	22,735	1.5	
Ryanair	Low cost airline	Rapid	22,090	1.5	
Facebook	Social media platform	Rapid	21,240	1.4	
Martin Marietta Materials	Cement and aggregates producer	Cyclical	20,221	1.3	41.7
Visa	Global electronic payments network	Stalwart	18,938	1.2	
Schindler	Elevator and escalator manufacturer	Stalwart	18,504	1.2	
MasterCard	Global electronic payments network	Stalwart	17,855	1.2	
Seattle Genetics	Biotechnology treatments for cancer	Rapid	17,513	1.1	
Teradyne	Semiconductor testing equipment manufacturer	Cyclical	17,398	1.1	
Richemont	Luxury goods designer and manufacturer	Cyclical	17,283	1.1	
Markel	Speciality insurance	Cyclical	17,150	1.1	
iRobot	Domestic robots	Rapid	16,857	1.1	
Ctrip.com International	Chinese online travel agency	Rapid	15,987	1.0	
ICICI Bank	Banking and financial services	Rapid	15,724	1.0	52.8
Nvidia	Interactive 3D graphics provider	Rapid	15,338	1.0	
Atlas Copco	Industrial compressors and mining equipment producer	Cyclical	15,178	1.0	
EOG Resources	Oil and gas explorer and producer	Cyclical	14,195	0.9	
Baidu	Chinese internet search engine	Rapid	13,859	0.9	
Leucadia National	Diversified holding and investment company	Cyclical	13,658	0.9	
Bank of Ireland	Retail and commercial bank	Latent	13,587	0.9	
First Republic Bank	Private banking and wealth management	Cyclical	13,554	0.9	
MarketAxess	Electronic bond trading platform	Rapid	13,524	0.9	
Apache	Oil exploration and production	Latent	13,415	0.9	
Hays	Recruitment and human resources	Cyclical	13,302	0.9	62.0
Verisk Analytics	Data analytics provider	Stalwart	13,268	0.9	
Tesla	Electric vehicle and solution provider	Rapid	13,193	0.9	
Lincoln Electric	Welding equipment manufacturer	Cyclical	13,133	0.9	

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities (continued)					
HDFC	Indian mortgage provider	Rapid	13,062	0.9	
Novo Nordisk	Pharmaceutical company	Stalwart	12,978	0.9	
Yandex	Internet search and online services	Rapid	12,954	0.9	
Sberbank of Russia	Banking and financial services	Latent	12,531	0.8	
Waters	Liquid chromatography products and services	Stalwart	12,507	0.8	
Resmed	Develops and manufactures medical equipment	Stalwart	12,431	0.8	
Svenska Handelsbanken	Retail bank	Cyclical	12,090	0.8	70.6
Wabtec	Technology products and services provider for the rail industry	Cyclical	11,540	0.8	
Veeco Instruments	Semiconductor equipment company	Latent	11,291	0.7	
CH Robinson Worldwide	Third party delivery and logistics business	Cyclical	10,661	0.7	
Fairfax Financial	Financial services holding company	Latent	10,636	0.7	
Colgate-Palmolive	Consumer goods	Stalwart	10,533	0.7	
SMC	Factory automation equipment producer	Cyclical	10,361	0.7	
Carlsberg	Brewer	Latent	10,254	0.7	
Jardine Strategic Holdings	Trading company	Cyclical	9,948	0.7	
GrubHub	Online takeaway ordering service	Rapid	9,920	0.6	
LendingTree	Online loan marketplace	Rapid	9,802	0.6	77.5
Bureau Veritas	Consulting and testing services company	Stalwart	9,412	0.6	
Renishaw	Measurement and calibration equipment manufacturer	Rapid	9,410	0.6	
Howard Hughes	Real estate developer	Latent	9,380	0.6	
Cyberagent	Internet advertising and content	Rapid	8,920	0.6	
Toyota Tsusho	Trading company	Latent	8,891	0.6	
Schibsted	Online media and classifieds	Rapid	8,861	0.6	
Deutsche Boerse	Stock exchange operator	Cyclical	8,832	0.6	
Olympus	Optics manufacturer	Stalwart	8,674	0.6	
Brambles	Pallet pool operator	Cyclical	8,524	0.6	
Tsingtao Brewery	Brewer	Latent	8,324	0.5	83.4
Rolls Royce	Power systems manufacturer	Cyclical	8,273	0.5	
Infineon Technologies	German semiconductor manufacturer	Rapid	8,020	0.5	
BM&F Bovespa	Stock exchange operator	Rapid	7,846	0.5	
Ritchie Bros Auctioneers	Industrial equipment auctioneer	Cyclical	7,724	0.5	
Rohm	Semiconductor manufacturer	Latent	7,705	0.5	
Kansai Paint	Paint manufacturer	Stalwart	7,494	0.5	
PageGroup	Recruitment consultancy	Cyclical	7,314	0.5	
Autohome	Online auto research platform	Latent	7,306	0.5	
M3	Online medical database	Rapid	7,147	0.5	
Stericycle	Medical waste management services	Stalwart	7,122	0.5	88.4
Kirby	Marine shipping company	Cyclical	7,027	0.5	
Financial Engines	Investment advisory firm	Rapid	6,791	0.4	
Zillow	US online real estate services	Rapid	6,748	0.4	
Trupanion	Pet health insurance provider	Rapid	6,747	0.4	
HTC	Mobile handset and visual hardware producer	Latent	6,677	0.4	
Qiagen	Biotechnology equipment	Rapid	6,528	0.4	
Sands China	Casino operator	Cyclical	6,374	0.4	

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities (continued)					
Abiomed	Manufacturer of medical implant devices	Rapid	6,218	0.4	
Dia	Discount food retailer	Stalwart	6,205	0.4	
GRAIL*	Liquid biopsy cancer testing	Rapid	6,184	0.4	92.5
TripAdvisor	Online travel review platform	Rapid	6,173	0.4	
IP Group	Intellectual property commercialisation	Rapid	6,076	0.4	
Silk Invest Africa Food Fund*	Africa-focused private equity fund	Latent	6,060	0.4	
OC Oerlikon	Industrial equipment manufacturer	Latent	6,035	0.4	
AP Moller-Maersk	Transport and logistics company	Latent	6,026	0.4	
China Biologic Products	Biopharmaceuticals	Rapid	5,995	0.4	
Myriad Genetics	Genetic testing	Rapid	5,718	0.4	
Fiat Chrysler Autos	Vehicle manufacturer	Latent	5,660	0.4	
Japan Exchange	Stock exchange operator	Rapid	5,594	0.4	
Interactive Brokers Group	Online equity trading platform	Rapid	5,593	0.4	96.5
Line	Online social media platform	Rapid	5,545	0.4	
DistributionNOW	Oilfield drilling equipment distributor	Cyclical	5,503	0.4	
Intuitive Surgical	Surgical robots	Rapid	5,492	0.4	
SiteOne Landscape Supply	Landscaping supplies distributor	Cyclical	4,819	0.3	
Alnylam Pharmaceuticals	Biotechnology	Rapid	4,073	0.3	
MTN	South African wireless telecom company	Latent	3,167	0.2	
Ferro Alloy Resources*	Vanadium mining	Cyclical	1,390	0.1	
Doric Nimrod Air One	Aircraft leasing	Latent	1,242	0.1	
Juridica Investments	Litigation financing	Latent	248	–	
Total Equity Investments			1,500,892	98.7	98.7
Bonds					
Credit Suisse 0% Swap Rate Linked Note 2017*	UK swap rate linked note		6,185	0.4	
Total Bonds			6,185	0.4	
Total Investments			1,507,077	99.1	99.1
Net Liquid Assets			14,053	0.9	
Total Assets at Fair Value			1,521,130	100.0	100.0

* Denotes an unlisted security.

One Year Summary

	30 April 2017	30 April 2016	% change
Total assets (before deduction of borrowings)*	£1,521m	£1,097m	
Borrowings	£107m	£86m	
Shareholders' funds	£1,414m	£1,011m	
Net asset value per ordinary share (after deducting borrowings at fair value)*	656.8p	470.1p	39.7
Net asset value per ordinary share (after deducting borrowings at par)*	660.8p	472.4p	39.9
Share price	653.0p	425.3p	53.5
FTSE World Index (in sterling terms)†			27.7
Revenue earnings per ordinary share	2.36p	2.31p	2.2
Dividends paid and payable in respect of the financial year	1.25p	1.50p	(16.7)
Ongoing charges*	0.59%	0.59%	
Discount (after deducting borrowings at fair value)*	0.6%	9.5%	
Discount (after deducting borrowings at par)*	1.2%	10.0%	
Active share*	93%	93%	

	2017	2016
Total return performance*#		
Net asset value (after deducting borrowings at fair value)	40.0%	(0.4%)
Net asset value (after deducting borrowings at par)	40.2%	(0.4%)
Share price	53.9%	(1.3%)
FTSE World Index (in sterling terms)†	31.0%	0.5%

	2017	2017	2016	2016
Year's high and low	High	Low	High	Low
Net asset value (after deducting borrowings at fair value)	659.9p	461.7p	491.9p	400.8p
Net asset value (after deducting borrowings at par)	664.0p	464.3p	494.1p	403.0p
Share price	653.0p	410.2p	443.5p	361.1p

During the year to 30 April 2017 the price at which the Company's share price traded relative to its net asset value (with borrowings at fair value) ranged from a premium of 1.0% to a discount of 16.6% (year to 30 April 2016: discount of 7.3% to 13.4%).

	30 April 2017	30 April 2016
Net return per ordinary share		
Revenue	2.36p	2.31p
Capital	187.05p	(4.27p)
Total return	189.41p	(1.96p)

* See Glossary of Terms on page 56.

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

Source: Baillie Gifford/Morningstar and relevant underlying index providers. See disclaimer on page 55.

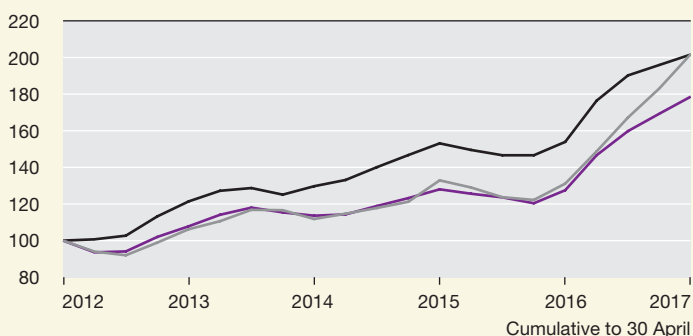
Past performance is not a guide to future performance.

Five Year Summary

The following charts indicate how an investment in Monks has performed relative to its comparative index* and its underlying net asset value over the five year period to 30 April 2017.

5 Year Total Return Performance†

(figures rebased to 100 at 30 April 2012)

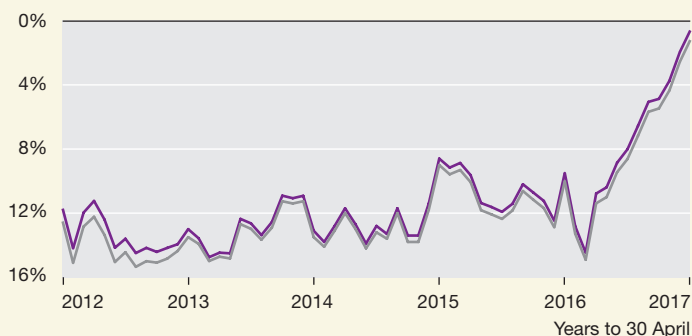


Source: Morningstar and relevant underlying index providers#.

- NAV (fair) total return
- Share price total return
- FTSE World Index total return

Discount to Net Asset Value†

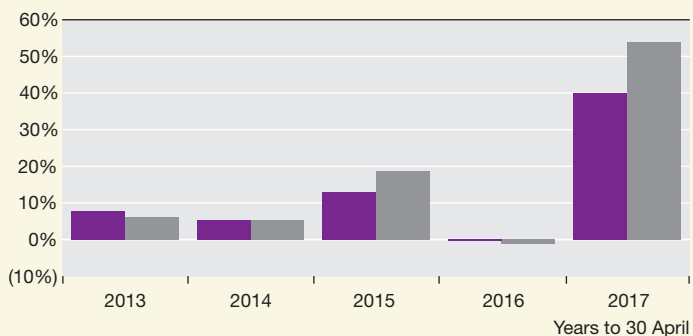
(plotted on a monthly basis)



Source: 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†

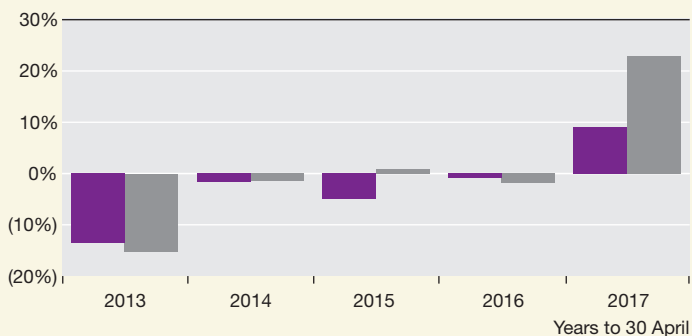


Source: Thomson Reuters Datastream/Baillie Gifford.

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 and relevant underlying index providers#.

Dividends are reinvested.

- NAV (fair) total return
- Share price total return

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

† See Glossary of Terms on page 56.

See disclaimer on page 55.

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) %
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
2017	1,521,130	107,056	1,414,074	660.9	656.8	660.8	653.0	0.6	1.2

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 ‡ %
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
2017	17,593	5,043	2.36	1.25	0.59

Gearing Ratios

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

Cumulative Performance (taking 2007 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 ^
2007	100	100	100	100	100	100	100	100	100
2008	114	115	116	117	99	101	116	117	104
2009	75	76	79	81	78	83	178	190	103
2010	107	113	104	110	103	111	103	95	108
2011	119	125	121	128	109	122	104	95	114
2012	113	119	113	120	104	119	137	125	118
2013	120	128	118	128	122	144	120	125	121
2014	124	134	123	135	127	154	125	125	124
2015	139	152	145	160	147	182	121	125	126
2016	138	152	142	158	144	182	59	48	127
2017	193	213	217	243	183	239	60	40	132

Compound annual returns

5 year	11.3%	12.3%	14.0%	15.1%	12.1%	15.0%	(15.1%)	(20.6%)	2.2%
10 year	6.8%	7.9%	8.1%	9.3%	6.3%	9.1%	(4.9%)	(8.8%)	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 45).

† 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 41).

‡ 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 56). 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 and relevant underlying index providers. See disclaimer on page 55.

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 or issue shares. The price of the Company's shares is determined, like other listed shares, by supply and demand.

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

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 109 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.

An explanation of these measures can be found in the Glossary of Terms on page 56. 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 has regard to the total return of the Company's principal comparative index (FTSE World Index in sterling terms) and considers the performance of comparable companies.

Principal Risks

As explained on pages 23 and 24 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 45 to 49. 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.

Investment Strategy Risk – pursuing an investment strategy to fulfil the Company's objective which the market perceives to be unattractive or inappropriate, or the ineffective implementation of an attractive or appropriate strategy, may lead to reduced returns for shareholders and, as a result, a decreased demand for the Company's shares. This may lead to the Company's shares trading at a widening discount to their Net Asset Value. To mitigate this risk, the Board regularly reviews and monitors: the Company's objective and investment policy and strategy; the

investment portfolio and its performance; the level of discount/premium to Net Asset Value at which the shares trade; and movements in the share register.

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 and the Market Abuse Directive with reference to inside information.

Custody and Depositary Risk – safe custody of the Company's assets may be compromised through control failures by the Depositary, including cyber hacking. To mitigate this risk, the Board receives six monthly reports from the Depositary confirming safe custody of the Company's assets held by the Custodian. Cash and portfolio holdings are independently reconciled to the Custodian's records by the Managers. The Custodian's 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 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 Risk – the discount at which the Company's shares trade relative to its Net Asset Value can change. The risk of a widening discount is that it may undermine investor confidence in the Company. To manage this risk, the Board monitors the level of discount at which the shares trade and the Company has authority to buy back its existing shares when deemed by the Board to be in the best interests of the Company and its shareholders.

Political Risk – political change in areas in which the Company invests or may invest may increasingly have practical consequences for the Company. To mitigate this risk, developments are closely monitored and considered by the Board.

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. Covenant levels are monitored regularly. The majority of the Company's investments are in quoted securities that are readily realisable. Further information on leverage can be found on page 56.

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

Gender Representation

The Board comprises seven Directors, six male and one female. The Company has no employees. The Board's policy on diversity is set out on page 22.

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 24.

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

The Strategic Report which includes pages 2 to 17 was approved by the Board of Directors and signed on its behalf on 27 June 2017.

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 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.

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 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.

BJ Richards

Belinda Richards was appointed a Director in September 2016. She is a former senior partner at Deloitte LLP with a thirty year career specialising in business operations and strategy development with a particular focus on the Financial Services and Consumer Products sectors. She is currently the chair of the audit committee of Wm Morrison Supermarkets PLC, the senior independent director of Grainger plc and a non-executive director of Aviva Life & Pensions UK Limited. In addition, she is a member of the FRC's Advisory Group of Audit Committee Chairmen and a member of the Governing Council of the Centre for the Study of Financial Innovation.

Professor Sir Nigel Shadbolt

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

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 a director of JPMorgan Elect Plc, Alliance Trust PLC, Herald Investment Trust plc, Lowland Investment Company PLC, Jupiter Fund Management plc and Clipstone Logistics REIT plc.

JJ Tighe

Jeremy Tighe was appointed a Director in 2014 and became Chairman of the Audit Committee on 1 May 2015. Mr Tighe was the fund manager of Foreign & Colonial Investment Trust PLC from 1997 to June 2014. He is currently chairman of ICG Enterprise Trust plc and Syncona Limited and is a director of 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 of the Directors are members of the Audit Committee with the exception of Mr JGD Ferguson, who stood down from the Committee on 11 April 2017, and Mr DCP McDougall.

Managers and Secretaries

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

Baillie Gifford is one of the largest investment trust managers in the UK and currently manages 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 £171 billion as at 23 June 2017. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 43 partners and a staff of around 950.

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 2017.

Corporate Governance

The Corporate Governance Report is set out on pages 22 to 24 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 for the year to 30 April 2017 was 0.45% of total assets less current liabilities, calculated and payable quarterly. With effect from 1 May 2017 the annual management fee is 0.45% on the first £750 million of total assets and 0.33% on the remaining total assets, where total assets is defined as the total value of all assets held less all liabilities (other than any liability in the form of borrowings intended for investment purposes).

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 2017, 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.

Depository

BNY Mellon Trust & Depository (UK) Limited has been appointed as the Company's Depository. The Depository'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 Depository 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 at the year end and up to the date the Financial Statements were signed, including their relevant experience, can be found on page 18. Ms Carol Ferguson retired from the Board on 3 August 2016.

Ms Belinda Richards and Professor Sir Nigel Shadbolt, having been appointed to the Board during the year, are required to seek election by shareholders at the forthcoming Annual General Meeting. The Directors believe that the Board will benefit from their extensive knowledge and experience and recommend their election to shareholders. 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 2017 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 1.25p per ordinary share for the year. If approved, the recommended final dividend on the ordinary shares will be paid on 4 August 2017 to shareholders on the register at the close of business on 7 July 2017. The ex-dividend date is 6 July 2017. The Company's Registrar offers a Dividend Reinvestment Plan (see page 53) and the final date for elections for this dividend is 14 July 2017.

Share Capital

Capital Structure

The Company's capital structure consists of 213,963,859 ordinary shares of 5p each at 30 April 2017. 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 51.

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 2017. There have been no changes to the major interests in the Company's shares intimated up to 23 June 2017.

Name	Ordinary 5p shares held at 30 April 2017	% of issue
Old Mutual Plc	11,136,744	5.2

Annual General Meeting

Issuance of Shares

At the last Annual General Meeting, the Directors were granted shareholders' approval for a general authority to allot shares and also an authority to issue shares or sell shares held in treasury on a non-pre-emptive basis (without first offering such shares to existing shareholders pro-rata to their existing holdings). Both authorities expire at the forthcoming Annual General Meeting and the Directors are seeking shareholders' approval to renew them for a further year, as detailed below.

Resolution 15 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 23 June 2017 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 2018 or on the expiry of 15 months from the passing of the resolutions, if earlier.

Resolution 16, which is proposed as a special resolution, seeks authority for the Directors to issue shares or sell shares held in treasury on a non-pre-emptive basis for cash up to an aggregate nominal amount of £1,069,819 (representing 10% of the issued ordinary share capital of the Company as at 23 June 2017). 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 2018 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 2017. 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 per share for continuing shareholders by purchasing shares at a discount to the prevailing net asset value.

The Company may hold bought-back shares 'in treasury' and then:

- sell such shares (or any of them) for cash (or its equivalent under the Treasury Shares Regulations); or
- 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 2018.

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:

- 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
- 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 17 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.

Directors' Fees Limit

The Company's Articles of Association provide that Directors' fees may not exceed £200,000 per annum in aggregate, or such larger amount as may be agreed by the Company by ordinary resolution. Whilst the Board has no intention of increasing Directors' fees this year, it is seeking shareholders' approval at the forthcoming Annual General Meeting to increase the aggregate annual limit, which has not changed since 2003, to £300,000 as a consequence of the increase in the number of Directors and with a view to creating suitable 'headroom'. Your attention is drawn to Resolution 14 in the Notice of Annual General Meeting on page 50.

Future Developments of the Company

The outlook for the Company is dependent to a significant degree on economic events and the financial markets. Further comments on the outlook for the Company and its investment portfolio are set out in the Chairman's Statement on page 2 and the Managers' Report on pages 4 and 5.

Financial Instruments

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

Disclosure of Information to 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 which require adjustment of, or disclosure in, the Financial Statement or notes thereto up to 27 June 2017.

Independent Auditors

For the regulatory reasons explained in last year's Annual Report, the Company conducted an Audit Committee-led tender of its audit services during the year under review to coincide with the end of the five year rotation cycle of the current Audit Partner of PricewaterhouseCoopers LLP. The result of the tender process, described more fully on page 26, was that the Board has approved the proposed appointment of Ernst & Young LLP as Auditors for the financial year commencing 1 May 2017. Ernst & Young LLP has expressed its willingness to be appointed Auditors to the Company. The appointment is subject to shareholder approval at the Annual General Meeting to be held on 2 August 2017 and resolutions concerning Ernst & Young LLP's appointment and remuneration will be submitted to that meeting.

The Board extends its appreciation to PricewaterhouseCoopers LLP for its services as Auditors and confirms that there are no matters in connection with PricewaterhouseCoopers LLP ceasing to hold office as Auditors following the 2017 audit which need to be brought to the attention of shareholders. A statutory statement from PricewaterhouseCoopers LLP confirming the reasons connected with its ceasing to hold office as Auditors is included on page 57.

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.

On behalf of the Board
JGD Ferguson
Chairman
27 June 2017

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 seven 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, was a member of the Audit Committee until he stood down from the Committee on 11 April 2017. The Board believes it was 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 seven 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 18.

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 or apply a diversity policy.

Having considered the balance of skills on the Board and having regard to the present and future needs of the Company, the Directors appointed Ms Belinda Richards and Professor Sir Nigel Shadbolt to the Board during the year. Information about both of the new Directors can be found on page 18. As the Board had identified candidates who met its requirements it was not considered necessary to use a recruitment agency on this occasion.

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

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

Independence of Directors

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

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

Mr McDougall is a director of Pacific Horizon Investment Trust PLC which is also managed by Baillie Gifford. Mr McDougall and Mr Ferguson are both directors of The Independent Investment Trust PLC. Mr Ferguson, Mr Harley and Mr McDougall have served for more than nine years. Following a formal performance evaluation the Board has concluded that, notwithstanding the above, Mr McDougall, Mr Ferguson and Mr Harley 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 23 shows the attendance record for the core Board and Audit Committee meetings held during the year, excluding ancillary and sub-committee meetings. The Annual General Meeting was attended by all the Directors.

Directors' Attendance at Meetings

	Board	Audit Committee
Number of meetings	4	2
JGD Ferguson*	4	2
CC Ferguson (retired 3 August 2016)	–	–
EM Harley	4	2
DCP McDougall	4	–†
BJ Richards (appointed 28 September 2016)	3	1
Professor Sir Nigel Shadbolt (appointed 9 March 2017)	1	–
KS Sternberg	4	2
JJ Tigue	4	2

* Mr JGD Ferguson stood down from the Audit Committee on 11 April 2017.

† 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 27 and 28.

Audit Committee

The report of the Audit Committee is set out on pages 25 and 26.

Internal Controls and Risk Management

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

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the FRC guidance 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued in September 2014.

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, which accord with the FRC 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued in September 2014, 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 & Depository (UK) Limited as its Depository 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 56), 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.

On behalf of the Board
JGD Ferguson
Chairman
27 June 2017

Audit Committee Report

The Audit Committee consists of all the Directors except Mr JGD Ferguson, who stood down from the Committee on 11 April 2017, and Mr DCP McDougall. Mr JJ Tighe is Chairman of the Committee. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. The Board believes it was 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 and objectivity of the external Auditors and effectiveness of the external audit process;
- the need for the Company to have its own internal audit function;
- internal controls reports received from the Managers and custodians; and
- the arrangements in place within Baillie Gifford & Co whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Internal Audit

The Committee continues to believe that the compliance and internal control systems and the internal audit function in place within the 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 99.1% of total assets and the accuracy and completeness of income from investments.

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 the reconciliation of investment holdings to third party data.

The value of all the listed investments as at 30 April 2017 were agreed to external price sources. The Committee considered the value of all unquoted investments at 30 April 2017, 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 Committee reviewed the Managers' Report on Internal Controls which details the controls in place regarding completeness and accurate recording of investment income. The accounting treatment of each special dividend received or receivable during the year was reviewed by the Managers.

The 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 23 and 24. No significant weaknesses were identified in the year under review.

External Auditors

To fulfil its responsibility regarding the independence and objectivity of the external Auditors, the Committee reviewed the Auditors' audit plan, which includes a description of their arrangements to manage independence, a report 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 2017 were £1,150 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 and the external audit process, the Committee reviewed and considered the audit plan, the fulfilment by the Auditors of the agreed 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 Audit Quality Inspection Report on PricewaterhouseCoopers LLP issued by the FRC's Audit Quality Review Team (AQRT).

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. 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 for the purpose of this year's audit.

Audit Tender

As noted on page 21, the Committee conducted a tender of the Company's audit services during the year under review to coincide with the end of the five year rotation cycle of the current Audit Partner of PricewaterhouseCoopers LLP, Ms Thomas. Invitations to tender were issued to three audit firms, resulting in three comprehensive proposals of a very high standard being submitted, with all three firms being invited to present their approach in more detail to the Audit Committee. In evaluating the firms, the primary focus was on audit quality, giving specific consideration to: audit approach and delivery; investment trust audit experience of the firm and the audit engagement team; breadth of knowledge and experience within the firm; insight into future developments likely to affect the Company; and independence. Following a robust and transparent review process where the firms were subjected to scrutiny and appropriate challenge, the Board proposes a resolution at the Annual General Meeting seeking shareholder approval to appoint Ernst & Young LLP as the Company's Auditors for the financial year commencing 1 May 2017. The Committee is satisfied that Ernst & Young LLP is independent and that sufficient controls are in place to deal with any conflict of interest, should it arise. There are no contractual obligations restricting the Committee's choice of external auditors.

During its tenure as Auditors, PricewaterhouseCoopers LLP has provided a quality service and has demonstrated a high level of professionalism and the Committee would like to express its thanks to PricewaterhouseCoopers LLP for its services to the Company. A statutory statement from PricewaterhouseCoopers LLP confirming the reasons connected with its ceasing to hold office as Auditors is included on page 57.

Accountability and Audit

The respective responsibilities of the Directors and the Auditors in connection with the Financial Statements are set out on pages 29 to 33.

On behalf of the Board
JJ Tighe
Chairman of the Audit Committee
27 June 2017

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. As the remuneration policy was last approved by shareholders in August 2014, shareholders' approval of the policy is being sought at the forthcoming Annual General Meeting. Your attention is drawn to Resolution 2 in the Notice of Annual General Meeting on page 50. The policy for which approval is being sought is set out below and is unchanged from that currently in force.

The Board reviewed the level of fees during the year and it was agreed that fee levels would remain unchanged for the year ending 30 April 2018. The fee levels were last increased on 1 May 2016, when the Chairman's fee was increased from £37,500 to £42,000, the other Directors' fees were increased from £25,000 to £28,000 and the additional fee for the Chairman of the Audit Committee was increased from £2,500 to £4,000.

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. Whilst the Board has no intention of increasing Directors' fees this year, it is seeking shareholders' approval at the forthcoming Annual General Meeting to increase the aggregate annual limit, which has not changed since 2003, to £300,000. Your attention is drawn to Resolution 14 in the Notice of Annual General Meeting on page 50. The fees paid to Directors in respect of the year ended 30 April 2017 and the expected fees payable in respect of the year ending 30 April 2018 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 2018 £	Fees as at 30 Apr 2017 £
Chairman's fee	42,000	42,000
Non-executive Director fee	28,000	28,000
Additional fee for Chairman of the Audit Committee	4,000	4,000

Annual Report on Remuneration

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

The law requires the Company's Auditors to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in the Independent Auditors' Report on pages 30 to 33.

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	2017 Fees £	2017 Taxable benefits* £	2017 Total £	2016 Fees £	2016 Taxable benefits* £	2016 Total £
JGD Ferguson	42,000	1,027	43,027	37,500	1,170	38,670
CC Ferguson (retired 3 August 2016)	7,323	–	7,323	25,000	–	25,000
EM Harley	28,000	–	28,000	25,000	270	25,270
DCP McDougall	28,000	1,219	29,219	25,000	1,077	26,077
BJ Richards (appointed 28 September 2016)	16,656	–	16,656	–	–	–
Professor Sir Nigel Shadbolt (appointed 9 March 2017)	4,164	–	4,164	–	–	–
KS Sternberg	28,000	–	28,000	25,000	–	25,000
JJ Tighe	32,000	–	32,000	27,500	–	27,500
	186,143	2,246	188,389	165,000	2,517	167,517

* 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 during 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 23 June 2017.

Name	Nature of interest	Ordinary 5p shares held at 30 April 2017 *	Ordinary 5p shares held at 30 April 2016 †
JGD Ferguson	Beneficial	220,000	220,000
CC Ferguson (retired 03/08/16)	Beneficial	80,000	80,000
EM Harley	Beneficial	200,000	200,000
DCP McDougall	Beneficial	1,408,138	1,408,138
BJ Richards (appointed 28/09/16)	Beneficial	–	–
Professor Sir Nigel Shadbolt (appointed 09/03/17)	Beneficial	–	–
KS Sternberg	Beneficial	13,483	13,483
JJ Tigue	Beneficial	40,866	40,783

* Or date of retirement if earlier.

† Or date of appointment if later.

Statement of Voting at Annual General Meeting

At the last Annual General Meeting, of the proxy votes received in respect of the Directors' Remuneration Report, 99.4% were in favour, 0.4% were against and votes withheld were 0.2%. At the last Annual General Meeting at which the Directors' Remuneration Policy was considered (August 2014), 99.6% of the proxy votes received were in favour, 0.3% were against and 0.1% were withheld.

Relative Importance of Spend on Pay

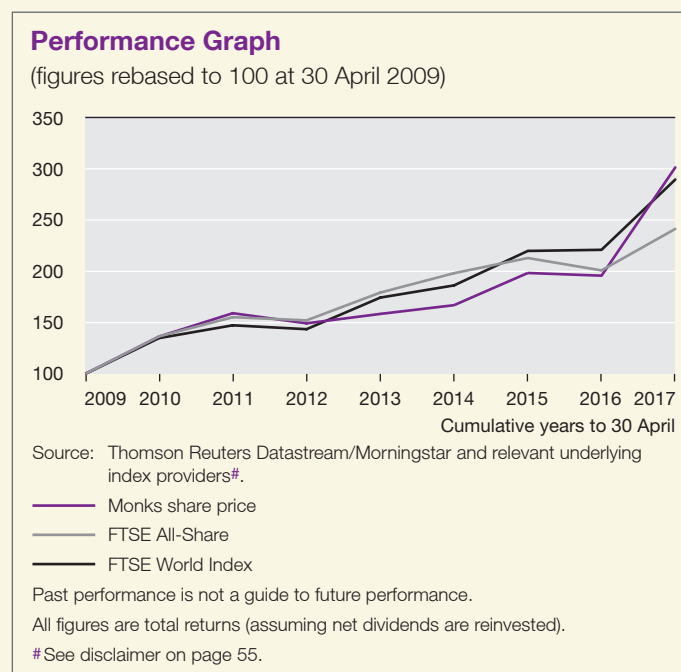
The table below shows the actual expenditure during the year in respect of Directors' remuneration and distributions to shareholders by way of dividends.

	2017 £'000	2016 £'000	Change %
Directors' remuneration	188	168	12.5
Dividends paid to shareholders	2,675	3,210	(16.7)

As detailed on page 27, Directors' fees were increased on 1 May 2016. Other than the introduction of the additional fee for the Chairman of the Audit Committee on 1 May 2015, Directors' fees were last increased on 1 November 2011.

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).



Approval

The Directors' Remuneration Report on pages 27 and 28 was approved by the Board of Directors and signed on its behalf on 27 June 2017.

JGD Ferguson
Chairman

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

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). 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 the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The Directors are also responsible both for safeguarding the assets of the Company and for the maintenance and integrity of the Company's website, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities (in the case of the safeguarding of assets) and also for the preservation of the website integrity.

Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Directors consider that 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.

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

- the Financial Statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board
 JGD Ferguson
 Chairman
 27 June 2017

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 maintenance and integrity of the Baillie Gifford & Co website is the responsibility of Baillie Gifford & Co; the work carried out by the auditor does not involve consideration of these matters and accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2017 and of its net gain 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 2017;
- 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: £14.1 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.

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
<p>Income from investments</p> <p><i>Refer to page 25 (Audit Committee Report), pages 38 and 39 (Accounting Policies) and pages 39 and 42 (notes).</i></p> <p><i>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.</i></p> <p><i>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').</i></p> <p><i>This is because incomplete or inaccurate income could have a material impact on the company's net asset value and dividend cover.</i></p>	<p>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.</p> <p>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.</p> <p>We understood and assessed the design and implementation of key controls surrounding income recognition.</p> <p>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 2016 and enquiries of Internal Audit and other management of Baillie Gifford & Co.</p> <p>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.</p> <p>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.</p> <p>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 £496,000.</p>

Area of focus	How our audit addressed the area of focus
Income from investments (cont'd) <i>We also focused on gains/losses on investments held at fair value due to the subjective nature of the valuation of unquoted investments.</i>	<p>The gains/losses on investments held at fair value comprise realised and unrealised gains/losses.</p> <p>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.</p> <p>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.</p> <p>No misstatements were identified by our testing which required reporting to those charged with governance.</p> <p>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.</p>
Valuation and existence of investments <i>Refer to page 25 (Audit Committee Report), pages 38 and 39 (Accounting Policies) and pages 41 and 42 (notes). The investment portfolio at the year-end comprises of listed equity investments (£1,487.3m), unlisted debt (£6.2m) and unlisted equity (£13.6m). 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.</i>	<p>We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources.</p> <p>For unlisted debt investments, we agreed the valuation to broker quotes or agreed the price to other third party sources.</p> <p>For two of the unlisted equity investments, we understood the basis of the valuation methodology, reviewed the Unlisted Securities Valuations Group minutes, and reviewed the underlying documentation used to support the valuation used, such as external third party valuations or draft capital statements for the investment. For the third unlisted equity investment, we agreed the valuation to the purchase documentation as this investment was only purchased one month prior to year end, in March 2017.</p> <p>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 as at 30 April 2017 to an independent custodian confirmation from Bank of New York Mellon SA/NV. No differences were identified.</p>

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 disclosures, 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	£14.1 million (2016 – £10.1 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 £707,000 (2016 – £505,000) 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 24, 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 and compliance with applicable requirements

Companies Act 2006 reporting

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

ISAs (UK & Ireland) reporting

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

information in the Annual Report is:	<i>We have no exceptions to report.</i>
— materially inconsistent with the information in the audited Financial Statements; or	
— apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or	
— otherwise misleading.	

the statement given by the Directors on page 29, 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.	<i>We have no exceptions to report.</i>
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the section of the Annual Report on pages 25 and 26, 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.	<i>We have no exceptions to report.</i>
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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.	<i>We have nothing material to add or to draw attention to.</i>
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The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	<i>We have nothing material to add or to draw attention to.</i>
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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.	<i>We have nothing material to add or to draw attention to.</i>
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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; or
- the Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' Remuneration Report – Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

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

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to 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 29, 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. With respect to the Strategic Report and the Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Catrin Thomas (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
27 June 2017

Income Statement

For the year ended 30 April

	Notes	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000
Gains/(losses) on investments	9	–	403,486	403,486	–	(10,799)	(10,799)
Currency (losses)/gains	14	–	(3,264)	(3,264)	–	1,655	1,655
Income	2	17,593	–	17,593	15,149	–	15,149
Investment management fee	3	(6,011)	–	(6,011)	(4,617)	–	(4,617)
Other administrative expenses	4	(1,261)	–	(1,261)	(1,150)	–	(1,150)
Net return before finance costs and taxation		10,321	400,222	410,543	9,382	(9,144)	238
Finance costs of borrowings	5	(3,910)	–	(3,910)	(3,291)	–	(3,291)
Net return on ordinary activities before taxation		6,411	400,222	406,633	6,091	(9,144)	(3,053)
Tax on ordinary activities	6	(1,368)	–	(1,368)	(1,137)	–	(1,137)
Net return on ordinary activities after taxation		5,043	400,222	405,265	4,954	(9,144)	(4,190)
Net return per ordinary share	7	2.36p	187.05p	189.41p	2.31p	(4.27p)	(1.96p)
Note:							
Dividends per share paid and payable in respect of the year	8	1.25p			1.50p		

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

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

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

The accompanying notes on pages 38 to 49 are an integral part of the Financial Statements.

Balance Sheet

As at 30 April

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		1,507,077		1,079,434
Current assets					
Debtors	10	7,816		3,330	
Cash and cash equivalents	19	15,208		15,930	
			23,024		19,260
Creditors					
Amounts falling due within one year	11	(76,217)		(47,968)	
Net current liabilities					
			(53,193)		(28,708)
Total assets less current liabilities					
			1,453,884		1,050,726
Creditors					
Amounts falling due after more than one year	12		(39,810)		(39,777)
Net assets					
			1,414,074		1,010,949
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		1,335,036		934,814
Revenue reserve	14		48,540		45,637
Shareholders' funds					
	15		1,414,074		1,010,949
Net asset value per ordinary share					
(after deducting borrowings at fair value)	16		656.8p		470.1p
Net asset value per ordinary share					
(after deducting borrowings at par)	16		660.8p		472.4p

The Financial Statements of The Monks Investment Trust PLC (Company registration number 236964) on pages 34 to 49 were approved and authorised for issue by the Board and were signed on 27 June 2017.

JGD Ferguson
Chairman

The accompanying notes on pages 38 to 49 are an integral part of the Financial Statements.

Statement of Changes in Equity

For the year ended 30 April 2017

	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 2016		10,698	11,100	8,700	934,814	45,637	1,010,949
Net return on ordinary activities after taxation		–	–	–	400,222	5,043	405,265
Dividends paid during the year	8	–	–	–	–	(2,140)	(2,140)
Shareholders' funds at 30 April 2017		10,698	11,100	8,700	1,335,036	48,540	1,414,074

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

The accompanying notes on pages 38 to 49 are an integral part of the Financial Statements.

Cash Flow Statement

For the year ended 30 April

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Cash flows from operating activities					
Net return on ordinary activities before taxation			406,633		(3,053)
Net (gains)/losses on investments			(403,486)		10,799
Currency losses/(gains)			3,264		(1,655)
Amortisation of fixed income book cost			(409)		(353)
Finance costs of borrowings			3,910		3,291
Overseas tax incurred			(1,348)		(1,125)
Changes in debtors and creditors			627		(1,257)
Cash from operations			9,191		6,647
Interest paid			(3,858)		(3,214)
Net cash inflow from operating activities			5,333		3,433
Cash flows from investing activities					
Acquisitions of investments		(183,649)		(209,105)	
Disposals of investments		161,830		215,791	
Net cash (outflow)/inflow from investing activities			(21,819)		6,686
Cash flows from financing activities					
Equity dividends paid	8	(2,140)		(8,452)	
Shares purchased for cancellation		–		(2)	
Borrowings drawn down/(repaid)		15,608		(39,536)	
Net cash inflow/(outflow) from financing activities			13,468		(47,990)
Decrease in cash and cash equivalents					
Exchange movements			2,296		2,986
Cash and cash equivalents at 1 May			15,930		50,815
Cash and cash equivalents at 30 April			15,208		15,930

The accompanying notes on pages 38 to 49 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 2017 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' on the basis of the accounting policies set out below which are unchanged from the prior year and have been applied consistently. The Company has early adopted the amendments to section 34 of FRS 102 regarding fair value hierarchy disclosures (see note 9 on pages 41 and 42).

(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.

The Directors do not believe that any accounting judgements or estimates have been applied to these accounting statements that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year.

(b) Investments

The Company's investments are classified as held at fair value through profit and loss in accordance with sections 11 and 12 of FRS 102. They are managed and evaluated on a fair value basis in accordance with the Company's investment strategy and information about the investments are provided to the Board on that basis. Investment purchases and sales are recognised on a trade date basis. Investments are initially measured at fair value, which is taken to be their cost, and are subsequently valued at fair value. 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, including those arising from foreign currency exchange differences, are recognised in the Income Statement as capital items.

The fair value of listed investments is either the bid price or the last traded price depending on the convention of the exchange on which the investment is listed. 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) Underwriting commission and interest receivable on deposits are recognised on an accruals basis.
- (v) 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. The nominal value of such shares is transferred from called up share capital to the capital redemption reserve.

2 Income

	2017 £'000	2016 £'000
Income from investments		
UK dividends	2,305	2,491
UK unfranked investment income	409	383
Overseas dividends	14,879	12,127
Overseas interest	–	148
Total income	17,593	15,149
Total income comprises:		
Dividends from financial assets designated at fair value through profit or loss	17,184	14,618
Interest from financial assets designated at fair value through profit or loss	409	531
	17,593	15,149

3 Investment Management Fee

	2017 £'000	2016 £'000
Investment management fee	6,011	4,617

Details of the Investment Management Agreement are set out on page 19. The annual management fee during the period under review was 0.45% of the total assets less current liabilities. With effect from 1 May 2017 the annual management fee is 0.45% on the first £750 million of total assets and 0.33% on the remaining total assets, where total assets is defined as the total value of all assets held less all liabilities (other than any liability in the form of borrowings intended for investment purposes). 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

	2017 £'000	2016 £'000
General administrative expenses	1,049	958
Directors' fees (see Directors' Remuneration Report on page 27)	186	165
Auditors' remuneration – statutory audit of annual Financial Statements	25	26
Auditors' non-audit remuneration – non-audit services (see page 25)	1	1
	1,261	1,150

5 Finance Costs of Borrowings

	2017 £'000	2016 £'000
Bank loans	1,327	708
Debenture stocks	2,583	2,583
	3,910	3,291

6 Tax on Ordinary Activities

	2017 £'000	2016 £'000
Analysis of charge in year		
Overseas tax	1,368	1,137
Factors affecting current tax charge for year		
The tax assessed for the year is lower (2016 – higher) than the average standard rate of corporation tax in the UK of 19.9% (2016 – 20%). The differences are explained below:		
Net return on ordinary activities before taxation	406,633	(3,053)
Net return on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 19.9% (2016 – 20%)	80,992	(608)
Capital returns not taxable	(79,715)	1,821
Income not taxable	(3,359)	(2,855)
Taxable expenses in the year not utilised	2,082	1,642
Overseas tax	1,368	1,137
Tax charge for the year	1,368	1,137

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

Factors that may affect future tax charges

At 30 April 2017 the Company had a potential deferred tax asset of £9,246,000 (2016 – £8,340,000) 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 17% (2016 – 19%). 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

	2017 Revenue	2017 Capital	2017 Total	2016 Revenue	2016 Capital	2016 Total
Net return per ordinary share	2.36p	187.05p	189.41p	2.31p	(4.27p)	(1.96p)

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation of £5,043,000 (2016 – £4,954,000) and on 213,963,859 (2016 – 213,963,859) ordinary shares of 5p, being the weighted average number of ordinary shares in issue during the year.

Capital return per ordinary share is based on the net capital gain for the financial year of £400,222,000 (2016 – loss of £9,144,000) and on 213,963,859 (2016 – 213,963,859) 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

	2017	2016	2017 £'000	2016 £'000
Amounts recognised as distributions in the year:				
Previous year's final (paid 5 August 2016)	1.00p	3.45p	2,140	7,382
Interim	–	0.50p	–	1,070
	1.00p	3.95p	2,140	8,452

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 £5,043,000 (2016 – £4,954,000).

	2017	2016	2017 £'000	2016 £'000
Amounts paid and payable in respect of the financial year:				
Interim	–	0.50p	–	1,070
Proposed final (payable 4 August 2017)	1.25p	1.00p	2,675	2,140
	1.25p	1.50p	2,675	3,210

9 Investments

Investments in securities are financial assets held at fair value through profit or loss. In accordance with Financial Reporting Standard 102, the tables below provide an analysis of these investments based on the fair value hierarchy described on page 42, which reflects the reliability and significance of the information used to measure their fair value.

As at 30 April 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	1,487,258	–	–	1,487,258
Unlisted equities	–	–	13,634	13,634
Unlisted debt securities	–	–	6,185	6,185
Total financial asset investments	1,487,258	–	19,819	1,507,077

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

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).

The valuation techniques used by the Company are explained in the accounting policies on page 38.

	Equities £'000	Debt £'000	Total £'000
Cost of investments at 1 May 2016	993,426	22,533	1,015,959
Investment holding gains/(losses) at 1 May 2016	78,776	(15,301)	63,475
Value of investments at 1 May 2016	1,072,202	7,232	1,079,434
Movements in year:			
Purchases at cost	190,214	–	190,214
Sales – proceeds	(164,315)	(2,151)	(166,466)
– realised gains/(losses) on sales	14,551	(739)	13,812
Amortisation of fixed interest book cost	–	409	409
Changes in investment holding gains/(losses)	388,240	1,434	389,674
Value of investments at 30 April 2017	1,500,892	6,185	1,507,077
Cost of investments at 30 April 2017	1,033,876	20,052	1,053,928
Investment holding gains/(losses) at 30 April 2017	467,016	(13,867)	453,149
Value of investments at 30 April 2017	1,500,892	6,185	1,507,077

The purchases and sales proceeds figures above include transaction costs of £238,000 (2016 – £384,000) and £101,000 (2016 – £98,000) respectively. Of the realised gains on sales of fixed investments during the year of £13,812,000 (2016 – gains of £2,441,000), a net loss of £10,617,000 (2016 – gain of £21,722,000) was included in investment holding gains/(losses) at the previous year end.

	2017 £'000	2016 £'000
Gains/(losses) on investments:		
Realised gains on sales	13,812	2,441
Changes in investment holding gains/(losses)	389,674	(13,240)
	403,486	(10,799)

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:

	2017 Shares held	2017 Value £'000	2017 % of Shares held	2016 Shares held	2016 Value £'000	2016 % of Shares held
Silk Invest Africa Food Fund	10,000	6,060	46.3	10,000	6,255	46.3

10 Debtors

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Accrued income and prepaid expenses	2,617	2,756
Sales for subsequent settlement	4,731	95
Overseas taxation recoverable	446	444
Other debtors	22	35
	7,816	3,330

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

	2017 £'000	2016 £'000
National Australia Bank Limited loan	67,246	46,078
Purchases for subsequent settlement	6,601	36
Corporation tax	45	45
Other creditors and accruals	2,325	1,809
	76,217	47,968

None of the above creditors are financial liabilities held at fair value through profit or loss. Included in other creditors is £1,636,000 (2016 – £1,182,000) in respect of the investment management fee.

Borrowing facilities

At 30 April 2017 the Company had a 5 year £100 million unsecured floating rate loan facility with National Australia Bank Limited, which expires on 30 November 2020.

At 30 April 2017 drawings were as follows:

- National Australia Bank Limited: US\$87 million at an interest rate of 2.35622% (2016 – US\$67.5 million at an interest rate of 1.8351%).

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

There were no breaches of loan covenants during the year.

12 Creditors – Amounts falling due after more than one year

	Repayment date	Nominal rate	Effective rate	2017 £'000	2016 £'000
£40 million 6 ³ / ₄ % debenture stock 2023	1/9/2023	6.375%	6.5%	39,810	39,777

Debenture stock

The debenture stock is stated at amortised cost (see note 1(f) on page 38); the cumulative effect is to decrease the carrying amount of borrowings by £190,000 (2016 – £223,000). 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

	2017 Number	2017 £'000	2016 Number	2016 £'000
Allotted and fully paid ordinary shares of 5p each	213,963,859	10,698	213,963,859	10,698

At 30 April 2017 the Company had authority to buy back 32,073,182 ordinary shares, being 14.99% of the shares in issue at the year end, and to allot 21,396,385 ordinary shares without application of pre-emption rights, being 10% of the shares in issue at the year end. No shares were bought back or allotted 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 2016	10,698	11,100	8,700	934,814	45,637	1,010,949
Gains on fixed asset investments	–	–	–	403,486	–	403,486
Exchange differences on bank loans	–	–	–	(5,560)	–	(5,560)
Other exchange differences	–	–	–	2,296	–	2,296
Revenue return on ordinary activities after taxation	–	–	–	–	5,043	5,043
Dividends paid in the year	–	–	–	–	(2,140)	(2,140)
At 30 April 2017	10,698	11,100	8,700	1,335,036	48,540	1,414,074

The capital reserve balance at 30 April 2017 includes investment holding gains on investments of £453,149,000 (2016 – gains of £63,475,000) as detailed in note 9 on page 42. 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

	2017 £'000	2016 £'000
Shareholders' funds	1,414,074	1,010,949

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:

	2017	2016
Shareholders' funds per ordinary share	660.9p	472.5p
Expense of debenture issue	(0.1p)	(0.1p)
Net asset value per ordinary share	660.8p	472.4p

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:

	2017	2016	2017 £'000	2016 £'000
Ordinary shares	660.8p	472.4p	1,413,884	1,010,726

	2017 £'000	2016 £'000
The movements during the year of the assets attributable to the ordinary shares were as follows:		
Total net assets at 1 May	1,010,726	1,023,336
Return on ordinary activities after taxation	405,265	(4,190)
Dividends paid in the year	(2,140)	(8,452)
Amortisation of debenture issue expenses	33	32
Total net assets at 30 April	1,413,884	1,010,726

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 (2016 – 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 660.8p to 656.8p. Taking the market price of the ordinary shares at 30 April 2017 of 653.0p, this would have given a discount to net asset value of 0.6% as against 1.2% on a traditional basis. At 30 April 2016 the effect would have been to reduce 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.

17 Contingent Liabilities, Guarantees and Financial Commitments

At 30 April 2017 and 30 April 2016 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 27. 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.

	Investments £'000	Cash and cash equivalents £'000	Loans and debentures £'000	Other debtors and creditors* £'000	Net exposure £'000
At 30 April 2017					
US dollar	843,453	11,271	(67,246)	259	787,737
Japanese yen	95,254	–	–	686	95,940
Euro	112,138	–	–	491	112,629
Other overseas currencies	323,717	1,790	–	(1,228)	324,279
Total exposure to currency risk	1,374,562	13,061	(67,246)	208	1,320,585
Sterling	132,515	2,147	(39,810)	(1,363)	93,489
	1,507,077	15,208	(107,056)	(1,155)	1,414,074

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

	Investments £'000	Cash and cash equivalents £'000	Loans and debentures £'000	Other debtors and creditors* £'000	Net exposure £'000
At 30 April 2016					
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.

Currency Risk Sensitivity

At 30 April 2017, 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 2016.

	2017 £'000	2016 £'000
US dollar	39,387	26,636
Japanese yen	4,797	4,555
Euro	5,631	4,277
Other overseas currencies	16,214	10,607
	66,029	46,075

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

	2017 Fair value £'000	2017 Weighted average interest rate	2017 Weighted average period until maturity	2016 Fair value £'000	2016 Weighted average interest rate	2016 Weighted average period until maturity
Fixed rate:						
UK swap rate linked note*	6,185	7.2%	5 months	5,933	7.2%	17 months
Floating rate:						
UK swap rate linked note*	–	n/a	5 months	–	n/a	17 months
Fixed interest collective investment schemes:						
US dollar denominated funds	–	–	–	1,299	–	3 months

*This instrument comprises a zero coupon note issued by Credit Suisse and an option on sterling interest rate swaps. The zero coupon element has a redemption value of £6.25m (fair value – £6,185,000) 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

	2017 £'000	2016 £'000
Floating rate – US dollar	67,246	46,078
Fixed rate – sterling	39,810	39,777
	107,056	85,855

Maturity Profile

	2017 Within 1 year £'000	2017 Between 1 and 5 years £'000	2017 More than 5 years £'000	2016 Within 1 year £'000	2016 Between 1 and 5 years £'000	2016 More than 5 years £'000
Repayment of loans and debentures	67,246	–	40,000	46,078	–	40,000
Interest on loans and debentures	2,955	10,200	3,825	2,764	10,200	6,375
	70,201	10,200	43,825	48,842	10,200	46,375

Interest Rate Risk Sensitivity

An increase of 100 basis points in bond/swap yields as at 30 April 2017 would have increased total net assets and total return on ordinary activities by £45,000 (2016 – £3,861,000) and would have increased the net asset value per share (with borrowings at fair value) by 1.1p (2016 – 3.0p). A decrease of 100 basis points would have increased total net assets and total return on ordinary activities by £90,000 (2016 – increased by £174,000) and would have decreased net asset value per share (with borrowings at fair value) by 1.1p (2016 – 1.1p).

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, various analyses of the portfolio by growth category, thematic risk category, geography and 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 47. 105.2% of the Company's net assets are invested in quoted equities (2016 – 105.3%). A 5% increase in quoted equity valuations at 30 April 2017 would have increased total assets and total return on ordinary activities by £74,363,000 (2016 – £53,227,000). 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:

	2017 £'000	2016 £'000
Fixed interest investments	6,185	7,232
Cash and cash equivalents	15,208	15,930
Debtors and prepayments*	7,816	3,330
	29,209	26,492

* Includes non-monetary assets of £16,000 (2016 – £16,000).

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. The fair value of the 6% debenture stock 2023 is based on the closing market offer price on the London Stock Exchange.

	2017 Nominal value £'000	2017 Book value £'000	2017 Fair value £'000	2016 Nominal value £'000	2016 Book value £'000	2016 Fair value £'000
Bank loans due within one year	67,246	67,246	67,246	46,078	46,078	46,078
6% debenture stock 2023*	40,000	39,810	48,600	40,000	39,777	44,800
	107,246	107,056	115,846	86,078	85,855	90,878

* 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).

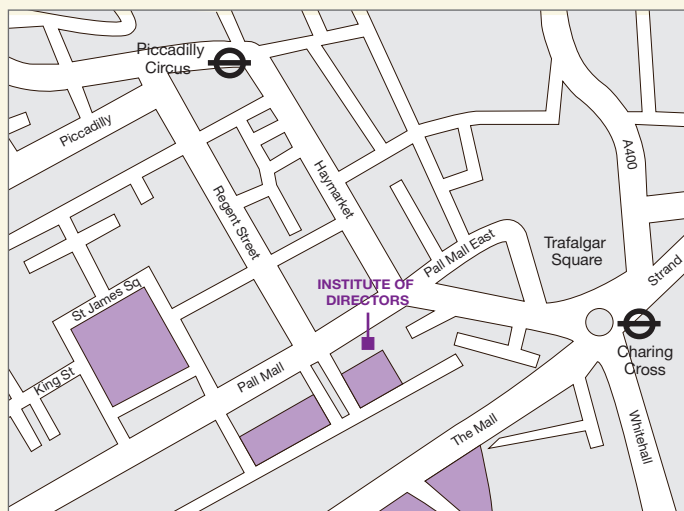
The objective of the Company is to invest globally to achieve capital growth, which takes priority over income and dividends.

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, 23 and 24.

The Company has the ability to issue and buy back its shares (see page 20) 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, 2 August 2017, 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-eighth 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, 2 August 2017, 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 2017 with the Reports of the Directors and of the Independent Auditors thereon.
2. To approve the Directors' Remuneration policy.
3. To approve the Directors' Annual Report on Remuneration for the year ended 30 April 2017.
4. To declare a final dividend of 1.25p per ordinary share.
5. To re-elect Mr JGD Ferguson as a Director.
6. To re-elect Mr EM Harley as a Director.
7. To re-elect Mr DCP McDougall as a Director.
8. To re-elect Mr KS Sternberg as a Director.
9. To re-elect Mr JJ Tigue as a Director.
10. To elect Ms BJ Richards as a Director.
11. To elect Professor Sir Nigel Shadbolt as a Director.
12. To appoint Ernst & Young LLP as Independent Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
13. To authorise the Directors to determine the remuneration of the Independent Auditors.
14. That, with effect from 1 May 2017, fees paid to Directors for their services as Directors of the Company shall not exceed £300,000 per annum in aggregate.
15. 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 23 June 2017), 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 16 and 17 as special resolutions:

16. That, subject to the passing of resolution 15 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 15 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 23 June 2017.

17. 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 2018, 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
4 July 2017

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.

Shareholder Information

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 23 June 2017 (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 23 June 2017 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 54 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. Dividends will be paid by way of a single final payment shortly after the Company's AGM.

Capital Gains Tax

For Capital Gains Tax indexation purposes, the market value of an ordinary share in the Company as at 31 March 1982 (as adjusted for the five for one share split in July 2001) was 14.1p.

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	2017 Number	2017 %	2016 Number	2016 %
Institutions	51,254,114	23.9	70,228,741	32.8
Intermediaries	127,955,896	59.8	107,883,582	50.4
Individuals	12,428,180	5.8	14,114,347	6.6
Baillie Gifford Share Plans/ISA	21,784,094	10.2	21,018,640	9.8
Marketmakers	541,575	0.3	718,549	0.4
	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 £20,000 each tax year
- Invest 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 investment 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 in the 'Further Information' box on the back cover).

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' or 'leverage'). The risk is that when this money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Company's investments fall in value, any 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 twice a year. It provides an insight to our investment approach by including interviews with our fund managers, as well as containing investment trust news, investment features and articles about the trusts managed by Baillie Gifford, including Monks. *Trust* plays an important role in helping to explain our products so that readers can really understand them. For a copy of *Trust*, please contact the Baillie Gifford Client Relations Team (see contact details in the 'Further Information' box on the back cover).

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.

Automatic Exchange of Information

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

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

Third Party Data Provider Disclaimer

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

No Provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the index data included in this document, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom. No Provider has any obligation to update, modify or amend the data or to otherwise notify a recipient thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

Without limiting the foregoing, no Provider shall have any liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions,

Suggestions and Questions

Any suggestions on how communications with shareholders can be improved are welcome. Please contact the Baillie Gifford Client Relations Team (see contact details in the 'Further Information' box on the back cover) and give them your suggestions. They will also be very happy to answer questions that you may have, either about Monks or the plans described on page 54.

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 (your call may be recorded for training or monitoring purposes), email, fax or post. See contact details in the 'Further Information' box on the back cover.

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

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>.

recommendations, forecasts, judgments, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein.

FTSE Index Data

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Glossary of Terms

Total Assets

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

Net Asset Value

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

Net Asset Value (Borrowings at Fair Value)

Borrowings are valued at an estimate of their market worth. The fair value of the Company's 6% debenture stock 2023 is based on the closing market offer price on the London Stock Exchange. The fair value of the Company's short term bank borrowings is equivalent to its book value.

Net Asset Value (Borrowings at Par Value)

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.

Net Liquid Assets

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

Total Return

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

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.

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 relevant reporting period (year ended 31 March 2017) are also available at www.bailliegifford.com.

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 all 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.

The Company's maximum and actual leverage levels (see Glossary of Terms overleaf) at 30 April 2017 are as follows:

Leverage

	Gross method	Commitment method
Maximum limit	2.5:1	2.0:1
Actual	1.1:1	1.1:1



The Directors
The Monks Investment Trust PLC
Calton Square
1 Greenside Row
Edinburgh
EH1 3AN

27 June 2017

Dear Sirs,

Statement of Reasons connected with ceasing to hold office as Auditors

In accordance with Section 519 of the Companies Act 2006 (the "Act"), we set out below the reasons connected with PricewaterhouseCoopers LLP, registered auditor number CO01004062, ceasing to hold office as auditors of The Monks Investment Trust PLC, registered no: 00236964 (the "Company") effective from 2 August 2017.

The reason we are ceasing to hold office is that the Company undertook a competitive tender process for the position of statutory auditor and we mutually agreed with the Audit Committee not to participate due to the time of our tenure.

There are no reasons for and no other matters connected with our ceasing to hold office as auditors of the Company that we consider need to be brought to the attention of the Company's members or creditors.

Yours faithfully,

A handwritten signature in black ink that reads 'PricewaterhouseCoopers LLP'.

PricewaterhouseCoopers LLP

*PricewaterhouseCoopers LLP, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX
T: +44 (0) 1312 264 488, F: +44 (0) 1312 604 008, www.pwc.co.uk*

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Directors

Chairman:
JGD Ferguson

EM Harley
DCP McDougall
BJ Richards
Professor Sir Nigel Shadbolt
KS Sternberg
JJ Tighe

Registered Office

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

Alternative Investment Fund Managers and Secretaries

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

Registrar

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Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Tel: 0370 707 1170

Independent Auditors

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

Depositary

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

Brokers

Canaccord Genuity Limited
88 Wood Street
London
EC2V 7QR

Company Details

www.monksinvestmenttrust.co.uk
Incorporated in England and Wales
Company Registration
No. 00236964
ISIN GB0030517261
Sedol 3051726
Ticker MNKS

Legal Entity Identifier:
213800MRI1JTUKG5AF64

Further Information

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Management Limited
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