The Monks Investment Trust PLC

Annual Report and Financial Statements 30 April 2012

BAILLIE GIFFORD

Contents

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 immediately your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, another appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your ordinary shares in The Monks Investment Trust PLC, please forward this document, together with any accompanying documents, 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.

Company Summary

Monks' objective is to invest internationally to achieve capital growth, which takes priority over income and dividends.

Investment Policy

Monks invests principally in a portfolio of international quoted equities. The Company is prepared to move freely between different markets as opportunities arise. Asset classes other than equities may be purchased from time to time including fixed interest holdings, unquoted securities and derivatives. The equity portfolio may be relatively concentrated for a global fund.

Further details of the Company's investment policy are given in the Directors' Report.

Comparative Index

The principal index against which performance is measured is the FTSE World Index (in sterling terms). The composition of the portfolio is likely to vary substantially from that of the index.

Management Details

Baillie Gifford & Co are appointed as investment managers and secretaries to the Company. The manager of Monks portfolio is Gerald Smith. Further details regarding Baillie Gifford & Co and Gerald Smith are given on page 18. The management contract can be terminated on 6 months' notice.

Management Fee

Baillie Gifford & Co's annual remuneration is 0.45% of total assets less current liabilities, calculated on a quarterly basis.

Capital Structure

At the year end the Company's share capital consisted of 256,124,859 fully paid ordinary shares of 5p each. The Company has been granted authority to buy back a limited number of its own ordinary shares for cancellation. Long term gearing has been secured by the issue of £80 million (nominal value) of debenture stocks together with a £40 million one year variable rate loan facility and a 30 year interest rate swap. The Company also has a £40 million 3 year fixed rate loan.

AIC

The Company is a member of the Association of Investment Companies.

Savings Vehicles

Monks shares can be held through a variety of savings vehicles (see page 52 for details).

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 Services Authority.

One Year Summary to 30 April 2012

	2012	2011	% change
Total assets (before deduction of borrowings)	£1,149.4m	£1,220.5m	
Borrowings	£159.6m	£159.6m	
Shareholders' funds	£989.7m	£1,060.9m	
Net asset value per ordinary share (after deducting borrowings at fair value)	382.8p	403.9p	(5.2)
Net asset value per ordinary share (after deducting borrowings at par)	386.3p	406.7p	(5.0)
Share price	338.5p	364.0p	(7.0)
FTSE World Index (in sterling terms)			(5.3)
Revenue earnings per ordinary share	5.35p	4.06p	31.8
Dividends paid and payable in respect of the financial year	3.95p	3.00p	31.7
Total expense ratio	0.62%	0.63%	
Discount (after deducting borrowings at fair value)	11.6%	9.9%	
Discount (after deducting borrowings at par)	12.4%	10.5%	

Total return performance	2012	2011
Net asset value (after deducting borrowings at fair value)	(4.5%)	11.2%
Net asset value (after deducting borrowings at par)	(4.3%)	11.1%
Share price	(6.2%)	16.7%
FTSE World Index (in sterling terms)	(2.6%)	9.3%

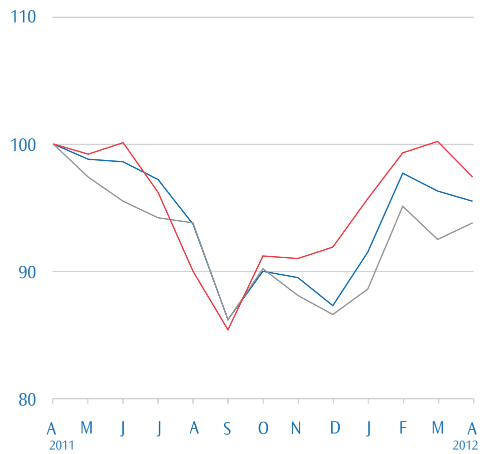
Year's high and low	2012 High	2012 Low	2011 High	2011 Low
Net asset value (after deducting borrowings at fair value)	405.5p	337.4p	413.5p	320.9p
Net asset value (after deducting borrowings at par)	408.1p	341.6p	416.2p	324.2p
Share price	367.9p	298.1p	365.7p	275.5p

During the year to 30 April 2012 the discount (borrowings at fair value) ranged from 6.5% to 14.4% (year to 30 April 2011: 9.6% to 15.7%).

Net return per ordinary share	2012	2011
Revenue	5.35p	4.06p
Capital	(23.86p)	36.56p
Total return	**(18.51p)**	**40.62p**

One Year Total Return Performance

(figures rebased to 100 at 30 April 2011)



Source: Thomson Reuters Datastream/Baillie Gifford & Co
Dividends are reinvested

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

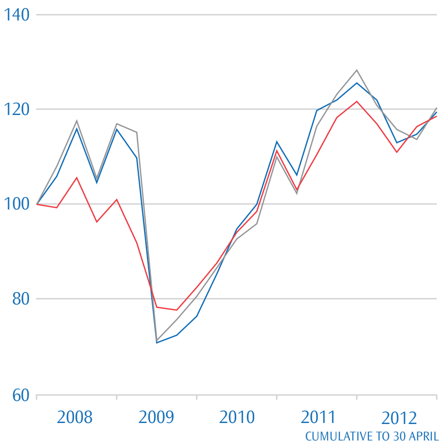
Past performance is not a guide to future performance.

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 2012.

5 Year Total Return Performance

(figures rebased to 100 at 30 April 2005)

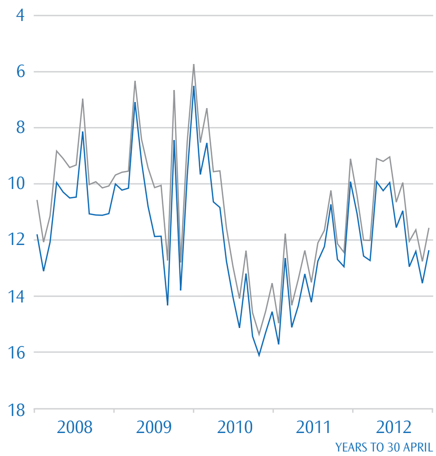


Source: Thomson Reuters Datastream
Dividends are reinvested

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

Discount to Net Asset Value

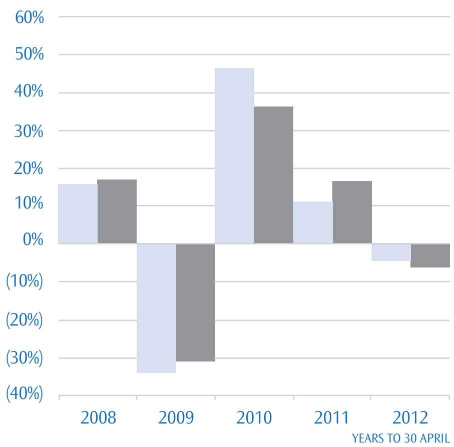
(plotted on a monthly basis)



Source: Thomson Reuters Datastream/ Baillie Gifford & Co

Monks discount (after deducting borrowings at fair value)
Monks discount (after deducting borrowings at par)

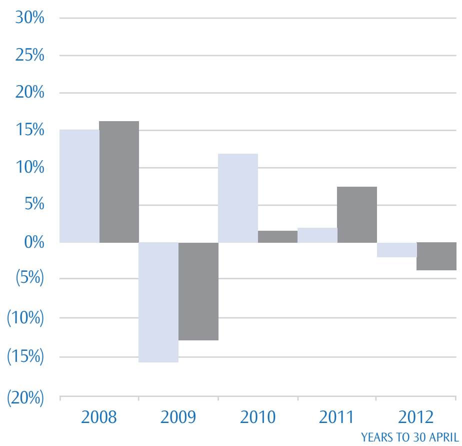
Annual Net Asset Value and Share Price Total Returns



Source: Thomson Reuters Datastream/ Baillie Gifford & Co
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 & Co
Dividends are reinvested

NAV (fair) total return
Share price total return

Past performance is not a guide to future performance.

Chairman's Statement

Performance

The year to 30 April 2012 was a difficult and frustrating one: difficult because of the external environment and frustrating because, while we anticipated some of the problems that materialised, and took steps to mitigate their impact, we suffered from unexpected knock-on effects in places far from the epicentre of events. The net asset value total return, with borrowings at fair value, was minus 4.5% and the share price total return was minus 6.2% while the FTSE World Index in sterling terms returned minus 2.6%. For both our portfolio and the markets in which we invest the second half of the year was better than the first. For the first half of the year the net asset value total return was minus 9.9% and the share price total return was minus 9.8% while the comparative index returned minus 8.8%. For the second half the net asset value total return was 6.0%, the share price total return was 4.0% and the index returned 6.8%. The share price ended the Company's year at 338.5p, 7.0% lower than at the end of the previous year. Over the five years to 30 April 2012 the net asset value total return was 19.8% and the share price total return was 20.4% while the comparative index returned 18.6%.

There were a number of notable events during the Company's year. These included political stalemate in the United States that inhibited progress on resolving that country's structural budget deficit and at one point threatened a default of the US government, a disruption to oil supplies as a result of events in Libya and the continuation of the crisis in the eurozone. It is tempting to attribute the weakness of markets to these developments, but there were quite a number of equally dramatic events, including the Japanese earthquake, tsunami and nuclear accident which disrupted industrial production around the world, in the previous twelve months, and despite this most markets rose during that period.

Monetary policy changes may explain the different response of markets to events. The ending of the second round of quantitative easing by the US Federal Reserve was followed shortly by a sharp fall in markets as the European crisis entered a new phase and the global financial system once again tottered as European banks found it hard to secure funding. Markets then stabilised and recovered some of the lost ground following the decision of the European Central Bank to offer unlimited amounts of low cost three year funding to European banks.

For sterling based investors the US equity market produced the best returns of the major markets helped by the strength of company profits, the safe haven status of the US dollar and some signs of improvement in the performance of the American economy. Unsurprisingly, most European markets fared less well. For example, the Greek market more than halved in value and there were also large falls in Italy and Spain. Many emerging markets also suffered from the withdrawal of European bank funding and the negative impact of this on their currencies. The Brazilian currency was particularly adversely affected, depreciating by nearly 15% against sterling over the year.

The Managers' Report on pages 6 to 8 contains more detail on the individual investments that made the greatest positive and negative contributions to performance. Of particular note are the positive contribution made by IP Group and the negative contribution made by our holdings of gold miners. The difference between the net asset value total return and that of the comparative index over the year arises largely from a lower contribution to total return from the re-investment of income. Another way of looking at this is that our portfolio did not generate sufficiently superior capital performance to offset the lower level of income generated when compared to the FTSE World Index. Our relatively high exposure to Emerging Markets and relatively low exposure to the United States contributed to this outcome.

Earnings and Dividend

Earnings per share were 5.35p compared with 4.06p last year, an increase of 31.8%. The most significant factors behind this increase were a rise in dividend income and a modest fall in total expenses. Monks invests with the aim of achieving capital growth rather than income and all costs are charged to the Revenue Account.

The Board is recommending a final dividend of 3.45p, which together with the interim (0.50p) already paid, would make the total dividend for the year 3.95p, an increase of 31.7% from the 3.00p paid last year.

Long Term Borrowing

The 11% debenture stock matured on 1 June 2012 and has been repaid. This has reduced long term borrowing since the Company's year end by £40m. It was partly in anticipation of the maturity of this debenture and partly in recognition of the low level of current interest rates in an historical context that we took out additional borrowings of £80m during the previous two years. There have been no additional borrowings since then.

Investment Activity

Over the course of the year there was a small net disinvestment of £1.2m, comprising a net investment of £11.0m in equities and net sales of £12.2m of bonds. There were net purchases of equities in North America, the United Kingdom and Japan and net sales elsewhere, notably in Emerging Markets.

The level of gearing is managed in various ways, including through the sale of futures and the purchase of options. This is less costly than buying and selling individual shares. In early July gearing was reduced by the sale of equity index futures. At the same time potential losses on these futures positions were capped by the purchase of call options. The purpose of these transactions was to provide some protection against a big fall in markets. The indices chosen in July were those measuring the US, eurozone and UK markets. In February the position in US futures was closed and replaced with positions in indices covering the Brazilian market and Chinese shares listed in Hong Kong in order to achieve a better match between the distribution of our investments and the hedge. In the Managers' Report on page 6 there is a graph that shows the impact of hedging on the net asset value and illustrates how this has had the effect of reducing the magnitude of the decline in net asset value during periods of general market weakness.

Past performance is not a guide to future performance.

At the year end holdings of equities amounted to 104.6% of shareholders' funds and holdings of equities and bonds together to 112.0% but when the effects of holding options and selling futures are taken into account the effective gearing was equivalent to 93% of shareholders' funds.

Discount and Buybacks

The discount (at fair value) widened to 11.6% from 9.9% over the course of the year. The Board considers the level of discount and has authorised the repurchase of shares when this will be of benefit to continuing shareholders as well as being in the interest of those shareholders who may need to sell some or all of their shares.

During the year to 30 April 2012 £15.3m was spent on the repurchase of 4,640,000 shares. Since the power to buy back shares was first granted in 1999, 131.8m shares have been bought back and cancelled, representing 34% of the share capital at the start of that period. The Board will continue to buy back shares if suitable opportunities appear.

Outlook

Companies are generally enjoying high levels of profitability and balance sheets are strong. Interest rates are low and expected to stay low for the foreseeable future. Overall growth in the global economy is reasonable and technological breakthroughs such as the unlocking of gas and oil from shale prove that innovation can overcome supposed limitations to growth. If current levels of profitability can be sustained, shares in most markets around the world look reasonably valued, especially when compared to the prospective returns from government bonds. Corporate bonds are also priced to offer a decent premium over government bonds and cash. If we could end the list of factors likely to affect future investment returns here the outlook would appear rosy.

Unfortunately, the mirror image of the healthy corporate balance sheets can be found in the form of unsustainable public debt burdens and budget deficits not only in Europe and the United Kingdom but also in the United States. The financial system is also far from healthy in these major economies and, as we saw both in 2008 and on a smaller scale in 2011, problems in one part of the world economy tend to be rapidly transmitted through the global banking system with adverse effects even on those countries with more robust public finances, low levels of household debt and high sustainable growth rates.

By printing money and engaging in a range of unconventional policies, central banks have bought time for other participants to put their houses in order. Companies operating outside the financial sector seem to have generally used this breathing space well but many banks remain undercapitalised and overleveraged. It is far from clear that politicians will instigate necessary but unpopular reforms in Europe, Japan or the United States and, even if they do, that the public at large will accept them. So, notwithstanding the attractions of many individual investment opportunities, significant risks remain of a systemic nature. This is reflected in our lack of gearing and desire to maintain some protection against a significant fall in markets rather than instead of in the selection of individual investments, where the focus remains on potential returns rather than perceived defensive characteristics. There is sufficient excitement in our portfolio of investments without adding gearing.

AGM

I hope shareholders will come to the Annual General Meeting, which will be held on 7 August 2012 at 11.00am at the Hotel Russell (see map on page 49). Our manager will give a short presentation and there will be an opportunity to ask questions.

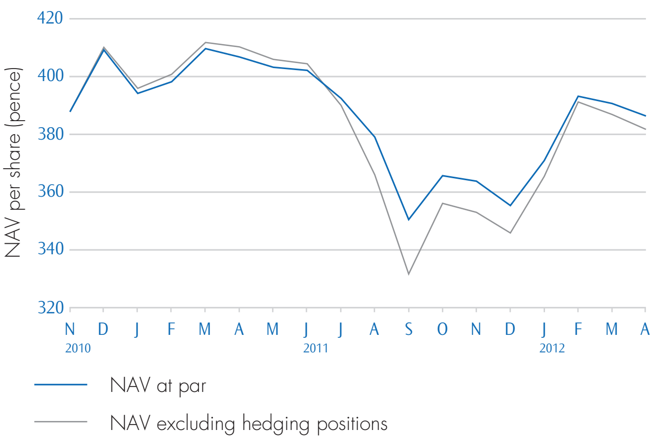
James Ferguson
15 June 2012

Managers' Portfolio Review

This year we have slightly altered the way in which we present information about the geographical distribution of assets, grouping together Asian Emerging Markets with other Emerging Markets instead of with the developed markets of the Asia Pacific region excluding Japan as in previous years. We hope this gives a clear picture of exposure of the portfolio to Emerging and Developed Markets. In terms of changes made over the year there was a net reduction in our exposure to Emerging Markets as sales of equities in these countries exceeded purchases and there were also reductions in Europe and Developed Asia (including Australia). These net sales were more than offset by net purchases of equities in North America, the United Kingdom and Japan. Our already small position in bonds was reduced, mainly as a result of profit taking in our holding of the Athena Debt Opportunities Fund.

In early July 2011 we decided to hedge part of the portfolio against the rising risk of a sharp fall in markets owing to the unhealthy combination of mounting concerns about the ability of Europe's politicians to find a solution to the crisis in the eurozone, deadlock in the US Congress over the issuance of debt and the ending of support for the markets from quantitative easing in America. We did this through sales of futures contracts based on the S&P 500, FTSE 100 and Eurostoxx 50 indices, representing the US, UK and European markets respectively, in order to provide a proxy for shares in general around the world and at the same time protected ourselves against the possibility of a large rise in markets by purchasing call options on the same indices. This strategy proved effective in July and August when markets around the world suffered large declines but it did have the by-product of reducing our already relatively small effective exposure to the US further and it was not a perfect match for our portfolio as it did not include any Emerging Market indices in the hedge. For this reason we adjusted the position in February 2012 by closing the S&P 500 futures and options and replacing them with corresponding positions on the Brazilian Bovespa Index and the Hang Seng China Enterprises Index, an index made up from Chinese companies listed in Hong Kong. The hedge provides some mitigation of losses in the event of market falls at a modest cost in terms of potential upside forgone. Had it not been in place the net asset value per share would have been 1.2% lower at the year end.

The following graph shows the impact of hedging on our net asset value, starting in November 2010 when we first used futures to offset gearing.



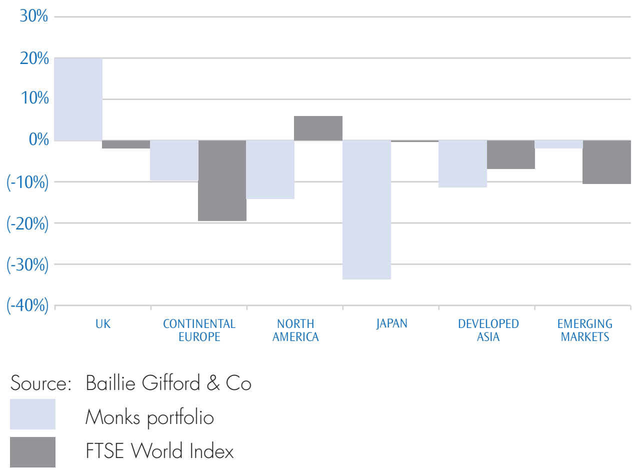
Source: Baillie Gifford & Co.

Past performance is not a guide to future performance.

Returns From Markets

for the year ended 30 April 2012

Geographical performance* against FTSE World Index in sterling terms



Source: Baillie Gifford & Co

* All figures are calculated on a total return basis with net income reinvested.

A less successful strategy was our addition to holdings of shares of gold mining companies made in September and October 2011. The gold price had been rising up to that point but the shares of gold miners had not followed suit – with funds flowing instead into exchange traded funds. We took the view that the divergence between the growing profits and cash flow of the miners and their falling share prices would ultimately be corrected as it was cheaper to buy gold reserves in the stock market than to explore for them on the ground. Instead the gap has widened as the prices of a number of the shares we bought in September have subsequently greatly underperformed the falling price of bullion.

Performance was also adversely affected by the weakness of a number of Emerging Market currencies, notably the Brazilian real, following the withdrawal of European banks from their previous role as recyclers of global savings into Emerging Markets. On a more positive note a number of our holdings produced excellent results during the year while the set-backs for Emerging Markets are likely to prove temporary given their lower levels of debt and superior growth prospects.

The ten largest positive and negative individual stock contributors to performance are described below. In aggregate the top ten positive contributions outweighed the top ten negative contributions even though for the portfolio as a whole the balance was tilted in the other direction. Two of the largest positive contributors to performance, Aggreko and Seadrill, were also in the top ten positive contributors last year. One of this year's largest negative contributors, Renhe, was also on the list of largest negative contributors for the previous year and another of the largest negative contributors, Digital Garage, was on the list of last year's largest positive contributors.

Largest positive contributors to performance:

IP Group is a venture fund listed on the London Stock Exchange. It has partnerships with departments of twelve leading United Kingdom universities to commercialise discoveries made by their researchers. A notable recent success has been Oxford Nanopore, a currently unlisted company that has developed a highly promising new approach to the analysis of DNA that should dramatically reduce the cost of gene sequencing. The share price has reacted favourably to announcements made by Oxford Nanopore but we believe that it still represents excellent value given the potential of both Oxford Nanopore and its broader portfolio of investments.

Seadrill is the owner of one of the world's largest fleets of deepwater drilling rigs and vessels and has more of the most modern types of equipment than any other company. Seadrill has benefited from the global trend towards drilling for oil and gas in ever deeper water and more difficult environments as sources of more accessible oil are exhausted. It has also benefited from the greater focus on safety following the Gulf of Mexico disaster as oil companies have been willing to pay more to use the most modern rigs.

Aggreko is a leading electrical generator and cooling equipment rental company. It operates in more than 100 countries around the world and supplies temporary power generating equipment to a wide range of different customers including utility companies and organisers of sporting events. In aggregate, demand for temporary generating equipment displays reasonably steady growth but it is irregular at the level of individual customers and locations. Aggreko's great skill has been in managing its inventory of equipment, predicting changes in demand ahead of time and responding flexibly to unexpected events. As a result it has exceeded expectations for sales and earnings for several years in succession.

O'Reilly Automotive sells car parts, tools and accessories through a network of stores throughout the United States. Demand for replacement parts and tools from both professional mechanics and owners who carry out their own repairs is closely related to the average age of cars and this has been rising. Competition from franchised dealers has also diminished following the pruning of sales networks in the wake of the 2008 financial crisis and the company has also successfully integrated an earlier acquisition in California.

TJX sells discounted clothing and home furnishings. It includes the T.K.Maxx and HomeSense chains in Europe as well as T.J.Maxx, Marshalls and HomeGoods in the United States. Its offering of discontinued designer label products appeals to cost conscious shoppers and it has been able to expand during what has been a difficult time for many other retailers.

Samsung Electronics is well-known as one of the world's leading consumer electronics companies but it is also the world's largest manufacturer of some of the most important types of computer memory chips and a significant manufacturer of microprocessor logic chips. It is a key supplier to Apple as well as a competitor to it in mobile phones and tablets. Its significant investment in research and development, manufacturing capacity and brand advertising make it a formidable competitor and should help to keep it at the forefront of developments in the industry.

The Biotech Growth Trust is an investment trust that invests in emerging biotechnology companies, most of which are listed in the United States. The biotechnology sector returned to favour following a period of poor performance triggered by a combination of the confounding of previous unrealistic expectations and concerns about the impact of healthcare reforms in the United States. The development of new tools and techniques and greater understanding of the genetic basis of many disorders suggest that the best period for biotechnology companies may be ahead of us rather than in the past and valuations are now much more reasonable than during earlier periods of hype and excessive valuations. We also own a number of direct holdings in this area.

Credicorp is a Peruvian financial conglomerate. It owns the largest Peruvian bank, Banco de Credito del Peru. It also has insurance and brokerage businesses in Peru and has recently announced an acquisition that will expand its operations into Chile. It can trace its origins back to 1889 and has a reputation as a well managed and prudent institution. We see considerable potential for loan growth in Peru and we used the opportunity provided by the election of a radical president to take a holding at a depressed price. Post the election the business environment proved to be more favourable than many feared and the share price rose.

EOG Resources is an oil and gas company that pioneered the production of gas from shale formations using the techniques of horizontal drilling and hydraulic fracturing ("fracking") in the United States. Since then it has successfully applied the same approach to the production of oil from similar shale formations and its production of oil has been rising rapidly. We had sold out of EOG Resources several years ago as it and others had been so successful in developing new gas fields in the United States that the gas price was in danger of collapsing. We bought it back in October 2011 when the share price fell back sharply to its 2005 level despite a significant increase in its reserves. The shares were subsequently sold at a higher price.

Quanta Computer is the world's largest manufacturer of notebook, or laptop, computers. It makes notebooks for many leading brands, including Apple. The notebook market has suffered from the explosive growth of tablet computers, notably Apple's iPad, which is not made by Quanta. Concerns about the decline of the notebook business created an attractive opportunity for us to take a holding in a well run and adaptable Taiwanese company that has been developing new products rather than standing still in the face of this development. It has established a strong position in bespoke servers for use in cloud computing applications and also now manufactures Amazon's Kindle tablet. Its notebook sales are also proving more resilient than many had feared and these factors contributed to a rise in the share price.

Largest negative contributors to performance:

Sino-Forest is a Chinese forestry company listed in Canada. The shares collapsed in value following a report from a short seller that publishes reports under the name Muddy Waters. The specific allegations in the initial Muddy Waters report related to overstatement of the value of the company's forestry assets in China and irregularities in its relationships with intermediaries, but did not back up the headline claims that the entire company was a fraud. An investigation ordered by the company's independent directors failed to get to the bottom of the murky world of forestry rights and transfers in China and establish the truth of the matter. This in turn led to the company being unable to file accounts on time and so breaching covenants on its bonds. The shares have been suspended from trading and the value of the holding has been written off in its entirety as it is unlikely that the equity holders will receive anything in a liquidation involving the fire sale of assets.

Research in Motion is the maker of the Blackberry smart phones popular with both Chief Executives and urban rioters. It has been losing market share to Apple's iPhone and Android based smart phones produced by companies such as Samsung Electronics in North America but it has continued to grow rapidly in many other markets, including some of the most populous and rapidly growing countries of the world. Our investment case was premised on this growth outside North America and the United Kingdom continuing to be driven by a combination of network effects from the Blackberry messenger system, superior battery life and reception and low handset cost in markets where these are not subsidised by network operators. The company seems to have badly misjudged the introduction of a new operating system and failed to introduce features to attract and retain customers in a world dominated by Apple and Android. The shares were sold during the year.

Aixtron is a German manufacturer of equipment which is mainly used to make light emitting diodes (LEDs). LEDs are used in a variety of products but the most important are televisions, computer displays and low-energy lighting. Demand for low energy lighting in particular should result in a demand for a large amount of new LED manufacturing capacity. China has ambitious plans to introduce low energy lighting and this resulted in a big rise in demand for Aixtron. This came to a sudden stop when it became clear that Chinese buyers had more machines than they had trained operators and progress in other markets has been limited by the high cost of low energy bulbs. While these are likely to be temporary factors, as changes are driven by legislation, we are concerned that the management has blamed all of the shortfall in demand on these factors while it appears that competition is also a factor, both from their main established competitor and from potential new entrants. As a result we sold the holding.

Digital Garage is a Japanese internet incubator company. Its main assets are cash and quoted investments, including a large stake in Japan's leading price comparison website, plus stakes in Twitter Japan and Twitter Inc, the US unquoted parent company. The share price is influenced by changing perceptions of the value of the stake in Twitter and tends to be somewhat volatile. In the previous year it was one of the largest positive contributors to performance but it reversed almost all of those gains for a sterling investor in the last year, not helped by raising capital without giving a convincing reason. It remains a holding.

Dart Energy is an Australian oil and gas company that extracts gas from coal seams. It was spun out of Arrow Energy when this was taken over by Shell and Petrochina and had been for a while a successful investment. They have possibly over expanded by acquiring coal bed methane assets in countries with widely differing regulatory regimes thus stretching management resources and their operations in China have been disappointing. The final straw was a change in the regulatory environment in Australia that will raise costs substantially and at that point we sold the holding.

Eldorado Gold is a Canadian gold mining company with operations in a number of countries the most important of which are in China and Turkey. In common with our other gold mining holdings, it has massively underperformed the price of gold, failing to rise with it to its record high in September 2011 and then falling by far more than the price of gold in the subsequent correction. The size of the holding increased when it acquired one of our other gold mining holdings, European Goldfields, largely for shares and has been reduced since the year end.

Samsung Heavy Industries is a leading Korean shipbuilder with a particularly strong position in sophisticated drill ships needed for oil exploration in extremely deep water. It is also one of the leading producers of very large container ships. Demand in both of these segments has been strong, in line with our investment case, but management fear that their competitive advantages are eroding rapidly and this is leading to questionable attempts to diversify the business. The holding was sold during the year.

Renhe develops and operates underground shopping centres in Chinese cities. It has a unique business model that involves building defence shelters that double up as shopping malls. This enables Chinese cities to fulfil government requirements for bomb shelters while giving Renhe prime sites for only the cost of construction. The company sells the units in these centres to wealthy private investors who are attracted to the rental yields available and this provides financing for further expansion. These investors are feeling the effects of the slowdown in the Chinese property market and some of them are finding it difficult to pay for their purchases. Renhe guarantees the loans made to purchase the units and there is a risk of downward spiral which could threaten the viability of the company. We therefore sold the holding.

IAM Gold is a Canadian gold mining company with assets in a number of regions including West Africa and the Americas. In addition to experiencing the same underperformance of the gold price exhibited by our other gold mining holdings it has also fallen short of expectations operationally and has indicated that it is looking to make a major acquisition. In the light of these operational failings and questionable strategy the holding was sold.

Jain Irrigation Systems is an Indian company that sells micro-irrigation systems to the country's farmers. Indian agriculture is very inefficient, farmers can make significant productivity gains by installing micro-irrigation systems and there are government subsidies to encourage its adoption. Jain has found it necessary to provide credit to its customers as subsidies are slow in coming and the benefits to farmers' cash flow only materialise at the time of the next harvest. This has created a working capital problem for the company. The bulk of the holding had been sold at the year end leaving only an insignificant rump.

Gerald Smith
Baillie Gifford & Co
15 June 2012

Distribution of Portfolio as at 30 April

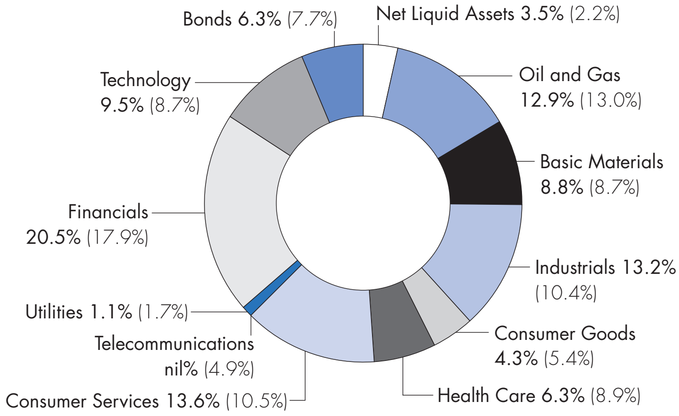
Geographical 2012 (2011)

Region	At 30 April 2012	
	% of total assets	Effective exposure %*
United Kingdom	24.6% (16.6%)	21.6% (13.5%)
Emerging Markets	23.1% (31.5%)	19.2% (32.4%)
North America	21.2% (17.4%)	25.4% (14.5%)
Continental Europe	13.4% (16.3%)	8.8% (13.1%)
Japan	6.4% (5.3%)	11.4% (13.4%)
Bonds	6.3% (7.7%)	7.6% (7.8%)
Net Liquid Assets	3.5% (2.2%)	4.2% (2.3%)
Developed Asia	1.5% (3.0%)	1.8% (3.0%)

% of total assets
Effective exposure %*

*The effective exposure takes into account the exposure of derivative holdings which may differ substantially from their market value. The Trust's derivative holdings include sales of index futures and purchases of index call options.

By Sector 2012 (2011)



Investment Changes

	Valuation at 30 April 2011 £'000	Net acquisitions/ (disposals) £'000	Appreciation/ (depreciation) £'000	Valuation at 30 April 2012 £'000
Equities**:				
United Kingdom	201,706	52,497	28,254	282,457
Continental Europe	198,670	(12,553)	(31,548)	154,569
North America	212,802	62,508	(31,333)	243,977
Japan	65,267	31,308	(24,215)	72,360
Developed Asia	35,653	(11,943)	(6,452)	17,258
Emerging Markets	385,859	(94,168)	(26,585)	265,106
Total equities	1,099,957	27,649	(91,879)	1,035,727
Bonds†:				
Sterling bonds	33,917	(23,719)	5,411	15,609
Euro bonds	5,237	8,261	2,415	15,913
US dollar bonds	35,188	(12,452)	(1,316)	21,420
Brazilian real bonds	18,962	–	1,249	20,211
Total bonds	93,304	(27,910)	7,759	73,153
Total investments	1,193,261	(261)	(84,120)	1,108,880
Net liquid assets	27,232	(8,913)	22,167	40,486
Total assets	**1,220,493**	**(9,174)**	**(61,953)**	**1,149,366**

The figures above for total assets are made up of total net assets before deduction of borrowings.

** Equities include convertible securities, options, warrants, limited partnerships, OEICs and Unit Trusts.

† Bonds include a sterling swap rate linked note (for further details see note 23 on page 44).

Thirty Largest Equity Holdings

Name	Region	Business	2012 Value £'000	2012 % of total assets	2011 Value £'000
IP Group	United Kingdom	Venture fund	34,741	3.0	–
Aggreko	United Kingdom	Temporary power units	31,849	2.8	30,298
Seadrill	Continental Europe	Contract drilling services	29,597	2.6	33,461
Eldorado Gold	North America	Gold mining	22,916	2.0	17,316
Odontoprev	Emerging Markets	Health care providers and services	18,935	1.6	18,337
Samsung Electronics	Emerging Markets	Electronic goods	17,492	1.5	–
Petrofac	United Kingdom	Oilfield services company	16,528	1.4	17,480
The Biotech Growth Trust	United Kingdom	Investment trust	16,181	1.4	11,195
Quanta Computer	Emerging Markets	Electronic equipment	15,517	1.4	7,298
Mercadolibre	Emerging Markets	Online trading	15,463	1.3	5,386
TJX	North America	Clothing store	15,360	1.3	9,608
McDonald's	North America	Fast food restaurants	15,117	1.3	12,722
O'Reilly Automotive	North America	Auto parts supplier	15,086	1.3	9,043
Credicorp	Emerging Markets	Banking	15,078	1.3	10,826
Naspers	Emerging Markets	Media company	14,696	1.3	14,211
BIM Birlesik Magazalar	Emerging Markets	Discount food and consumer goods	14,346	1.2	11,645
MMX	Emerging Markets	Port royalties	14,290	1.2	–
Dragon Oil	Emerging Markets	Oil and gas exploration and production	13,905	1.2	15,495
Genus	United Kingdom	Agricultural services	13,897	1.2	9,867
Yingde Gases Group	Emerging Markets	Industrial gases	13,589	1.2	–
Harley-Davidson	North America	Motorcycle manufacturer	13,578	1.2	–
Kone	Continental Europe	Lifts	13,561	1.2	13,387
Kunlun Energy Company	Emerging Markets	Oil and gas company	13,461	1.2	13,184
National Oilwell Varco	North America	Drilling equipment manufacturer	13,460	1.2	15,958
Vale	Emerging Markets	Diversified mining group	13,397	1.2	21,014
IHS	North America	Information services	12,812	1.1	–
Seek	Developed Asia	Online recruitment	12,678	1.1	–
Drax Group	United Kingdom	Electricity	12,487	1.1	12,016
Doric Nimrod Air Two	United Kingdom	Aircraft leasing	12,480	1.1	–
YOOX	Continental Europe	Online apparel sales	12,444	1.1	7,962
			494,941	**43.0**	**317,709**

Classification of Investments

Classification Equities*:	UK %	Continental Europe %	North America %	Japan %	Developed Asia %	Emerging Markets %	2012 Total %	2011 Total %
Oil and gas producers	1.6	0.9	0.8	–	–	3.1	6.4	7.1
Oil equipment, services and distribution	2.2	3.1	1.2	–	–	–	6.5	5.9
Oil and Gas	3.8	4.0	2.0	–	–	3.1	12.9	13.0
Chemicals	0.1	0.7	–	–	–	1.2	2.0	1.0
Forestry and paper	–	–	–	–	–	–	–	1.2
Mining	–	–	4.5	–	0.4	1.9	6.8	6.5
Basic Materials	0.1	0.7	4.5	–	0.4	3.1	8.8	8.7
Construction and materials	–	–	–	–	–	–	–	0.2
Aerospace and defence	0.9	–	–	–	–	–	0.9	0.7
General industrials	–	–	–	0.6	–	–	0.6	–
Electronic and electrical equipment	0.5	–	–	0.7	–	1.4	2.6	1.2
Industrial engineering	–	2.2	0.7	–	–	–	2.9	2.2
Industrial transportation	–	–	–	–	–	1.2	1.2	3.6
Support services	2.8	–	1.1	–	1.1	–	5.0	2.5
Industrials	4.2	2.2	1.8	1.3	1.1	2.6	13.2	10.4
Beverages	–	–	–	–	–	–	–	0.8
Automobiles and parts	–	1.0	1.2	–	–	–	2.2	–
Food producers	–	0.6	–	–	–	–	0.6	1.6
Household goods	–	–	0.4	–	–	–	0.4	–
Leisure goods	–	–	–	–	–	–	–	0.5
Personal goods	–	0.8	–	–	–	0.3	1.1	1.6
Tobacco	–	–	–	–	–	–	–	0.9
Consumer Goods	–	2.4	1.6	–	–	0.3	4.3	5.4
Health care equipment and services	–	–	0.8	–	–	1.6	2.4	4.0
Pharmaceuticals and biotechnology	1.2	0.9	1.8	–	–	–	3.9	4.9
Health Care	1.2	0.9	2.6	–	–	1.6	6.3	8.9
Food and drug retailers	–	–	1.3	–	–	1.2	2.5	2.4
General retailers	–	1.1	2.6	0.6	–	1.5	5.8	3.7
Media	–	–	–	–	–	1.3	1.3	1.2
Travel and leisure	1.5	0.8	1.0	0.7	–	–	4.0	3.2
Consumer Services	1.5	1.9	4.9	1.3	–	4.0	13.6	10.5
Fixed line telecommunications	–	–	–	–	–	–	–	4.9
Telecommunications	–	–	–	–	–	–	–	4.9
Electricity	1.1	–	–	–	–	–	1.1	1.0
Gas, water and multiutilities	–	–	–	–	–	–	–	0.7
Utilities	1.1	–	–	–	–	–	1.1	1.7
Banks	0.1	–	1.0	–	–	1.3	2.4	1.9
Real estate	–	0.4	–	1.9	–	0.6	2.9	5.3
Financial Services	1.0	–	–	–	–	1.0	2.0	3.7
Equity investment instruments	10.8	0.9	–	0.5	–	1.0	13.2	7.0
Financials	11.9	1.3	1.0	2.4	–	3.9	20.5	17.9
Software and computer services	–	–	2.8	1.4	–	2.0	6.2	3.2
Technology hardware and equipment	0.8	–	–	–	–	2.5	3.3	5.5
Technology	0.8	–	2.8	1.4	–	4.5	9.5	8.7
Total equities	**24.6**	**13.4**	**21.2**	**6.4**	**1.5**	**23.1**	**90.2**	
Total Equities* – 2011	16.6	16.3	17.4	5.3	3.0	31.5	–	**90.1**
Bonds	1.4	1.3	1.8	–	–	1.8	6.3	7.7
Net Liquid Assets	9.2	–	(4.2)	(1.2)	–	(0.3)	3.5	2.2
Total Assets (before deduction of borrowings)	**35.2**	**14.7**	**18.8**	**5.2**	**1.5**	**24.6**	**100.0**	**–**
Total Assets – 2011	28.8	16.1	16.6	4.4	3.1	31.0	–	**100.0**
Borrowings	(13.9)	–	–	–	–	–	(13.9)	(13.1)
Shareholders' Funds	**21.3**	**14.7**	**18.8**	**5.2**	**1.5**	**24.6**	**86.1**	**–**
Shareholders' Funds – 2011	15.7	16.1	16.6	4.4	3.1	31.0	–	**86.9**
Number of equity investments*	**30**	**15**	**24**	**11**	**2**	**29**	**111**	**121**

* Equities includes convertible securities, options, warrants, limited partnerships, OEICs and unit trusts.

List of Investments at 30 April 2012

Classification	Name	Business	Fair value £'000	% of total assets
United Kingdom				
Oil and gas producers	Borders & Southern Petroleum	Oil and gas exploration	4,149	
	Chariot Oil & Gas	Oil and gas exploration	5,499	
	IGAS Energy	Exploration and production	4,382	
	President Petroleum	Exploration and production	3,057	
			17,087	1.6
Oil equipment, services and distribution	Falkland Oil & Gas	Oil exploration company	9,601	
	Petrofac	Oilfield services company	16,528	
			26,129	2.2
Chemicals	Halosource	Speciality chemicals	893	0.1
Aerospace and defence	Rolls Royce Group	Engine manufacturer	10,435	0.9
Electronic and electrical equipment	Renishaw	Electronic measuring instruments	5,971	0.5
Support services	Aggreko	Temporary power units	31,849	2.8
Pharmaceuticals and biotechnology	Genus	Agricultural services	13,897	1.2
Travel and leisure	Go-Ahead Group	Travel and tourism	7,720	
	Tui Travel	Travel and tourism	9,216	
			16,936	1.5
Electricity	Drax Group	Electricity	12,487	1.1
Banks	NBNK Investments	Banking	1,353	0.1
Financial services	IG Group	Spread betting	11,033	1.0
Equity investment instruments	Altus Resource Capital	Investment fund	7,274	
	Better Capital	Private equity	11,580	
	Burford Capital	Investment fund	11,914	
	CQS Rig Finance Fund	Closed ended investment company	3,294	
	Damille Investments II	Closed ended investment company	3,694	
	Doric Nimrod Air One	Aircraft leasing	6,517	
	Doric Nimrod Air Two	Aircraft leasing	12,480	
	FTSE 100 Index Call Options	Equity index call options	5,512	
	International Biotechnology	Investment trust	5,558	
	IP Group	Venture fund	34,741	
	Juridica	Investment trust	6,020	
	The Biotech Growth Trust	Investment trust	16,181	
	Worldwide Healthcare Trust	Investment fund	36	
			124,801	10.8
Technology hardware and equipment	Nanoco Group	Semiconductors	9,586	0.8
Total United Kingdom Equities			**282,457**	**24.6**

Classification	Name	Business	Fair value £'000	% of total assets
Continental Europe				
Oil and gas producers	DNO International	Oil and gas exploration and production – Norway	10,901	0.9
Oil equipment, services and distribution	North Atlantic Drilling	Oil equipment and services – Norway	5,926	
	Seadrill	Contract drilling services – Norway	29,597	
			35,523	3.1
Chemicals	Fuchs Petrolub	Lubricant manufacturer – Germany	8,600	0.7
Industrial engineering	Atlas Copco	Industrial compressors and mining equipment – Sweden	11,508	
	Kone	Lifts – Finland	13,561	
			25,069	2.2
Automobiles and parts	Peugeot	Automaker – France	11,357	1.0
Food producers	Marine Harvest	Salmon farmer – Norway	7,064	0.6
Personal goods	Richemont	Luxury goods – Switzerland	8,720	0.8
Pharmaceuticals and biotechnology	Novozymes	Enzyme producer – Denmark	10,441	0.9
General retailers	YOOX	Online apparel sales – Italy	12,444	1.1
Travel and leisure	Ryanair	Airlines – Ireland	8,807	0.8
Real estate	Deutsche Wohen	Real estate holding company – Germany	5,012	0.4
Equity investment instruments	Eurostoxx Call Options	Equity index call options – Germany	1,562	
	Reinet Investments SCA	Investment holding company – Luxembourg	9,069	
			10,631	0.9
Total Continental European Equities			**154,569**	**13.4**

Classification	Name	Business	Fair value £'000	% of total assets
North America				
Oil and gas producers	Ultra Petroleum	Oil and gas exploration and production	9,652	0.8
Oil equipment, services and distribution	National Oilwell Varco	Drilling equipment manufacturer	13,460	1.2
Mining	Aurico Gold	Gold mining – Canada	4,820	
	Detour Gold	Gold mining – Canada	4,793	
	Eldorado Gold	Gold mining – Canada	22,916	
	Semafo	Gold mining – Canada	4,037	
	Silver Wheaton	Silver mining – Canada	9,172	
	Yamana Gold	Gold mining – Canada	5,312	
			51,050	4.5
Industrial engineering	Westport	Combustion technology	7,613	0.7
Support services	IHS	Information services	12,812	1.1
Automobiles and parts	Harley-Davidson	Motorcycle manufacturer	13,578	1.2
Household goods	iRobot	Robot manufacturer	4,940	0.4
Health care equipment and services	Intuitive Surgical	Medical equipment	9,642	0.8
Pharmaceuticals and biotechnology	Alnylam Pharmaceuticals	Biotechnology	4,444	
	Curis	Biotechnology	7,340	
	Seattle Genetics	Biotechnology	8,928	
			20,712	1.8
Food and drug retailers	McDonald's	Fast food restaurants	15,117	1.3
General retailers	O'Reilly Automotive	Auto parts supplier	15,086	
	TJX	Clothing store	15,360	
			30,446	2.6
Travel and leisure	Priceline.com	Online travel reservation service	11,540	1.0
Banks	First Republic Bank	Banking	11,921	1.0
Software and computer services	Oracle	Enterprise software	9,956	
	Salesforce.com*	Applications software	11,407	
	Solera Holdings	Transactional software	10,131	
			31,494	2.8
Total North American Equities			**243,977**	**21.2**
Japan				
General industrials	Mitsui	General trading company	7,509	0.6
Electronic and electrical equipment	Futaba	Electronic equipment	7,719	0.7
General retailers	Start Today	Internet shopping	6,878	0.6
Travel and leisure	Sankyo	Pachinko machine maker	7,931	0.7
Real estate	Industrial & Infrastructure Fund	Real estate investment trust	3,745	
	Japan Retail Fund Investment	Real estate investment trust	6,553	
	Kenedix Realty Investment	Real estate investment trust	5,431	
	United Urban	Real estate investment trust	5,673	
			21,402	1.9
Equity investment instruments	Nikkei 225 Index Call Options	Equity index call options	5,769	0.5
Software and computer services	Digital Garage	Software	12,256	
	Zappallas	Internet content	2,896	
			15,152	1.4
Total Japanese Equities			**72,360**	**6.4**

* Denotes a holding in a convertible security.

Classification	Name	Business	Fair value £'000	% of total assets
Developed Asia				
Mining	Perseus Mining	Gold mining – Australia	4,580	0.4
Support services	Seek	Online recruitment – Australia	12,678	1.1
Total Developed Asia Equities			**17,258**	**1.5**
Emerging Markets				
Oil and gas producers	Dragon Oil	Oil and gas exploration and production – Turkmenistan	13,905	
	Gulf Keystone	Oil and gas exploration and production – Iraq	8,360	
	Kunlun Energy Company	Oil and gas company – China	13,461	
			35,726	3.1
Chemicals	Jain Irrigation Systems	Plastics and agriculture – India	67	
	Yingde Gases Group	Industrial gases – China	13,589	
			13,656	1.2
Mining	Antofagasta	Copper mining – Chile	4,568	
	Ferro Alloy Resources†	Mining – Kazakhstan	2,224	
	Real Gold	Mining – China	723	
	Vale	Diversified mining group – Brazil	13,397	
			20,912	1.9
Electronic and electrical equipment	Quanta Computer	Electronic equipment – Taiwan	15,517	1.4
Industrial transportation	MMX	Port royalties – Brazil	14,290	1.2
Personal goods	Hengan	Personal products – China	3,092	0.3
Health care equipment and services	Odontoprev	Health care providers and services – Brazil	18,935	1.6
Food and drug retailers	BIM Birlesik Magazalar	Discount food and consumer goods – Turkey	14,346	1.2
General retailers	Sun Art Retail Group	Retail hypermarkets – China	11,357	
	Trinity	Apparel retailers – China	6,186	
			17,543	1.5
Media	Naspers	Media company – South Africa	14,696	1.3
Banks	Credicorp	Banking – Peru	15,078	1.3
Real estate	Minmetals Land	Real estate developement – China	2,809	
	Shui On Land	Real estate holding and development – China	4,152	
			6,961	0.6
Financial services	Cetip	Investment services – Brazil	11,091	1.0
Equity investment instruments	Brazilian Call Options	Equity index call options – Brazil	1,304	
	Hang Seng China Enterprises Call Options	Equity index call options – China	2,175	
	Silk Invest Africa Food Fund†	Private equity – Africa	7,309	
	Vision Opportunity China Fund	Investment fund – China	528	
			11,316	1.0
Software and computer services	Mercadolibre	Online trading – Brazil	15,463	
	TOTVS	Software – Brazil	7,776	
			23,239	2.0
Technology hardware and equipment	Samsung Electronics	Electronic goods – Korea	17,492	
	Taiwan Semicon Manufacturing	Semiconductor manufacturer – Taiwan	11,216	
			28,708	2.5
Total Emerging Markets Equities			**265,106**	**23.1**
Total Equity Investments			**1,035,727**	**90.2**

† Denotes an unlisted security.

Classification	Name	Fair value £'000	% of total assets
Fixed Interest			
Sterling denominated	Amlin 6.5% 2016/26	1,194	
	Credit Suisse 0% Swap Rate Linked Note 2013	14,415	
		15,609	1.4
Euro denominated	Adagio ii Clo Class F 2021	469	
	Marfin 5% 2015 CV	1,702	
	Reynolds Group 9.5% 2017	8,939	
	Semper Finance FRN 2015	4,803	
		15,913	1.3
US dollar denominated	Athena Debt Opportunities Fund	11,891	
	K1 Life Settlements 0% 2016	3,349	
	Sector Re V 2A†	6,180	
		21,420	1.8
Brazilian real denominated	Brazil CPI Linked 2045	20,211	1.8
Total Fixed Interest		**73,153**	**6.3**

Total Investments	**1,108,880**	**96.5**
Net Liquid Assets	**40,486**	**3.5**
Total Assets at Fair Value (before deduction of borrowings)	**1,149,366**	**100.0**

† Denotes an unlisted security.

Ten Year Record

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) %
2002	786,628	110,237	676,391	221.7	217.9	221.5	195.3	10.4	11.8
2003	606,604	112,917	493,687	167.7	162.5	167.5	143.0	12.0	14.6
2004	692,159	79,386	612,773	208.2	203.7	208.0	173.0	15.1	16.8
2005#	731,300	79,419	651,881	223.7	217.9	223.5	184.5	15.3	17.4
2006	1,094,620	159,422	935,198	325.4	319.6	325.3	290.0	9.3	10.9
2007	1,112,379	148,942	963,437	343.3	338.4	343.1	300.2	11.3	12.5
2008	1,110,368	79,516	1,030,852	390.2	386.5	390.0	348.0	10.0	10.8
2009	760,305	79,549	680,756	258.2	255.0	258.0	236.5	7.3	8.3
2010	1,077,918	119,582	958,336	367.2	364.1	367.0	313.0	14.0	14.7
2011	1,220,493	159,614	1,060,879	406.8	403.9	406.7	364.0	9.9	10.5
2012	**1,149,366**	**159,647**	**989,719**	**386.4**	**382.8**	**386.3**	**338.5**	**11.6**	**12.4**

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	Total expense ratio ¶
2002	18,497	4,909	1.61	1.60	0.60
2003	15,646	3,060	1.04	1.05	0.63
2004	15,611	3,001	1.02	1.05	0.75
2005#	16,955	5,064	1.73	1.70	0.65
2006	20,085	6,352	2.20	1.90	0.70
2007	25,738	11,182	3.91	3.15	0.59
2008	28,735	12,285	4.53	3.70	0.62
2009	33,949	18,384	6.97	6.00	0.62
2010	23,887	10,569	4.02	3.00	0.62
2011	27,366	10,600	4.06	3.00	0.63
2012	**31,424**	**13,889**	**5.35**	**3.95**	**0.62**

Gearing Ratios

Year to 30 April	Actual gearing §	Potential gearing ^
2002	97	116
2003	113	123
2004	106	113
2005#	100	112
2006	107	117
2007	98	115
2008	89	108
2009	74	112
2010	103	112
2011	104	115
2012	**105**	**116**

Cumulative Performance (taking 2002 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
2002	100	100	100	100	100	100	100	100	100
2003	76	76	73	74	77	78	65	66	103
2004	94	95	89	90	89	92	63	66	106
2005	101	103	94	97	90	96	107	106	109
2006	147	150	148	153	117	128	137	119	112
2007	155	159	154	160	123	137	243	197	117
2008	176	182	178	187	121	138	281	231	122
2009	116	121	121	129	96	113	433	375	121
2010	166	179	160	176	126	152	250	188	127
2011	184	198	186	205	134	166	252	188	133
2012	**174**	**189**	**173**	**192**	**127**	**162**	**332**	**247**	**138**
Compound annual returns									
5 year	2.4%	3.5%	2.4%	3.7%	0.7%	3.4%	6.5%	4.6%	3.3%
10 year	5.7%	6.6%	5.7%	6.7%	2.4%	4.9%	12.8%	9.5%	3.2%

* Net asset value (NAV) per share has been calculated after deducting borrowings at either par value or fair value (see note 17, page 41).
† 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 figures prior to 2005 have not been restated for the changes in accounting policies implemented in 2006.
‡ 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 34).
¶ Ratio of total operating costs to average shareholders' funds.
§ Total assets (including all debt used for investment purposes) less all cash and fixed interest securities divided by shareholders' funds.
^ Total assets (including all debt used for investment purposes) divided by shareholders' funds.
** Source: Thomson Reuters Datastream.

Past performance is not a guide to future performance.

Directors and Management

Directors

JGD Ferguson

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

CC Ferguson

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

EM Harley

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

DCP McDougall

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

All Directors are members of the Audit Committee.

Directors' Service Details

Name	Date of appointment	Due date for re-election
JGD Ferguson	03/01/02	AGM 2012
CC Ferguson	01/09/03	AGM 2012
EM Harley	03/06/03	AGM 2012
DCP McDougall	30/11/99	AGM 2012

Managers and Secretaries

Monks is managed by Baillie Gifford & Co, 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 are one of the largest investment trust managers in the UK and currently manage eight investment trusts.

Baillie Gifford also manage 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 £74 billion as at 13 June 2012. Based in Edinburgh, they are one of the leading privately owned investment management firms in the UK, with 37 partners and a staff of around 700.

The manager of Monks' portfolio is Gerald Smith. Gerald is a partner of Baillie Gifford and is the head of Baillie Gifford's Global Opportunities Team. He is also Baillie Gifford's Chief Investment Officer, is a member of their Investment Advisory Group and Chairman of their Emerging Markets Investment Policy Committee.

Baillie Gifford & Co are authorised and regulated by the Financial Services Authority.

Directors' Report

The Directors submit their Annual Report together with the results of the Company for the year to 30 April 2012.

Business Review

Business and Status

The Company is an investment company within the meaning of section 833 of the Companies Act 2006.

The Company carries on business as an investment trust. It was approved as an investment trust under section 1158 of the Corporation Tax Act 2010 for the year ended 30 April 2011, subject to matters that may arise from any subsequent enquiry by HM Revenue and Customs into the Company's tax return. In the opinion of the Directors, the Company has subsequently conducted its affairs so as to enable it to obtain such approval for the year ended 30 April 2012. In accordance with recent changes to section 1158, the Company has obtained approval as an investment trust from HM Revenue and Customs for all accounting periods commencing on or after 1 May 2012.

Objective

The Company's objective is to invest internationally to achieve capital growth, which takes priority over income and dividends.

Investment Policy

Monks seeks to meet its objective of achieving capital growth through investment principally in a portfolio of international quoted equities. Equities are selected for their inclusion within the portfolio solely on the basis of the strength of the investment case.

When investing, the Company is prepared to move freely between different markets as opportunities arise. 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 equity portfolio is relatively concentrated for a global fund and, as at the financial year end, it contained 111 equity holdings including 15 investments in funds. The number of holdings in equities and funds will typically be between 70 and 200. A portfolio review by the Managers is given on pages 6 to 8 and the investments held at the year end are listed on pages 12 to 16.

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 equities will 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 and the composition of the portfolio is likely to vary 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 equity and other markets 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 will, 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.

The key performance indicators 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
- the total expense ratio.

The five year record for the net asset value and share price performance compared to the FTSE World Index can be found on page 3 along with the five year record for the discount. Details of the total expense ratio can be found in the ten year record on page 17 along with other financial highlights. In addition to the above, the Board also considers peer group comparative performance.

Results

In the year to 30 April 2012 the net asset value total return (with borrowings at fair value) was minus 4.5% and the share price total return was minus 6.2%, compared to a return on the comparative index of minus 2.6%. The discount of the share price to net asset value increased from 9.9% to 11.6%.

Dividends

The Board recommends a final dividend of 3.45p per ordinary share which, together with the interim already paid, makes a total of 3.95p for the year.

If approved, the recommended final dividend on the ordinary shares will be paid on 13 August 2012 to shareholders on the register at the close of business on 13 July 2012. The ex-dividend date is 11 July 2012. The Company's Registrar offers a Dividend Reinvestment Plan (see page 51) and the final date for elections for this dividend is 23 July 2012.

Borrowings

The Company had two £40m debenture stocks in issue at the year end. The £40m 11% debenture was repaid on its maturity date of 1 June 2012. The Company also has a £40m fixed rate loan and during the year it renewed its £40m one year floating rate loan facility. Since March 2010, the Company has had in place a £40m 30 year interest rate swap. Further details of the Company's borrowings are set out in notes 11 and 12 and on pages 45 and 46.

Review of the Year and Future Trends

A review of the year and the investment outlook is contained in the Chairman's Statement and the Managers' Portfolio Review on pages 4 to 8.

Principal Risks and Uncertainties

The Company's assets consist mainly of listed securities and its principal risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed are contained in note 23 to the financial statements on pages 42 to 48.

Other risks faced by the Company include the following:

Regulatory Risk – failure to comply with applicable legal and regulatory requirements could lead to suspension of the Company's Stock Exchange Listing, financial penalties or a qualified audit report. Breach of section 1158 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on capital gains.

The Managers monitor investment movements and the level of forecast income and expenditure to ensure the provisions of section 1158 are not breached. Baillie Gifford's Heads of Business Risk & Internal Audit and Regulatory Risk provide regular reports to the Audit Committee on Baillie Gifford's monitoring programmes.

Major regulatory change could impose unnecessary compliance burdens on the Company or threaten the viability of the investment company structure. In such circumstances representation is made to ensure that the special circumstances of investment trusts are recognised.

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

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

Gearing 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.

All borrowings require the prior approval of the Board and gearing levels are discussed by the Board and Managers at every meeting. The majority of the Company's investments are in quoted securities that are readily realisable.

Employees

The Company has no employees.

Social and Community Issues

As an investment trust, the Company has no direct social or community responsibilities. The Company however believes that it is in the shareholders' interests to consider environmental, social and governance factors when selecting and retaining investments. Details of the Company's policy on socially responsible investment can be found under Corporate Governance and Stewardship on page 23.

Corporate Governance

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the June 2010 UK Corporate Governance Code (the 'Code' which can be found at www.frc.org.uk) and the AIC Code of Corporate Governance (the 'AIC Code') 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 that a Nomination Committee has not been established and Mr JGD Ferguson, Chairman of the Board, is Chairman of the Audit Committee.

As the Board comprises only four 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 and the Board conducts an annual review of its composition having regard to the present and future needs of the Company.

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

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 four 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 Managers and Secretaries, Baillie Gifford & Co, 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.

Terms of Appointment

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 was a senior partner of Baillie Gifford & Co until he retired in 1999. He is a director of Pacific Horizon Investment Trust PLC which is also managed by Baillie Gifford & Co. Mr McDougall and Mr Ferguson are both directors of The Independent Investment Trust PLC. Mr McDougall, Mr Ferguson and Mr Harley have all served for more than nine years. Following a formal performance evaluation the Board has concluded that, not withstanding 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 below shows the attendance record for the Board and the Audit Committee meetings held during the year. All of the Directors attended the Annual General Meeting.

Directors' Attendance at Meetings

Name	Board	Audit Committee
Number of meetings	**6**	**2**
JGD Ferguson	6	2
CC Ferguson	6	2
EM Harley	6	2
DCP McDougall	6	2

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. The performance of each Director was appraised by the Chairman and 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. 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. Regular briefings are provided on changes in regulatory requirements that could affect the Company and Directors. 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 page 26.

Internal Controls and Risk Management

The Directors acknowledge their responsibility for the Company's risk management and internal controls 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 'Internal Control: Revised Guidance for Directors on the UK Corporate Governance Code' published in October 2005 (The Turnbull Guidance).

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

The practical measures to ensure compliance with regulation and company law, and to provide effective and efficient operations and investment management, have been delegated to the Managers and Secretaries, Baillie Gifford & Co, under the terms of the Management Agreement.

The practical measures in relation to the design, implementation and maintenance of control policies and procedures to safeguard the assets of the Company and to manage its affairs properly, including the maintenance of effective operational and compliance controls and risk management have also been delegated to Baillie Gifford & Co. The Board acknowledges its responsibilities to supervise and control the discharge by the Managers and Secretaries of their obligations.

The Baillie Gifford & Co Heads of Business Risk & Internal Audit and Regulatory Risk provide the Board with regular reports on Baillie Gifford & Co's monitoring programmes. The reporting procedures for these departments are defined and formalised within a service level agreement. Baillie Gifford & Co conduct an annual review of their system of internal controls which is documented within an internal controls report which complies with 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.

The Company's investments are segregated from those of Baillie Gifford & Co and their other clients through the appointment of The Bank of New York Mellon as independent custodian of the Company's investments. The custodian prepares a report on its internal controls which is independently reviewed by KPMG LLP.

A detailed risk map is prepared which identifies the significant risks faced by the Company and the key controls employed to manage these risks.

These procedures ensure that consideration is given regularly to the nature and extent of the 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 the risks identified. 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.

Internal Audit

The Audit Committee carries out an annual review of the need for an internal audit function. The Audit Committee continues to believe that the Managers' compliance and internal control systems and internal audit function 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.

Accountability and Audit

The respective responsibilities of the Directors and the Auditors in connection with the Financial Statements are set out on pages 25 and 27 respectively.

Going Concern

In accordance with the Financial Reporting Council's guidance on going concern and liquidity risk, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's principal risks are market related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is contained in note 23 to the financial statements.

The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. The Board approves borrowing and gearing limits and reviews regularly the amounts of any borrowings and the level of gearing as well as compliance with borrowing covenants. Accordingly, the financial statements have been prepared on the going concern basis as it is the Directors' opinion that the Company will continue in operational existence for the foreseeable future.

Audit Committee

An Audit Committee has been established consisting of all Directors. Its authority and duties are clearly defined within its written terms of reference which are available on request and on the Company's page of the Managers' website: www.monksinvestmenttrust.co.uk. Mr JGD Ferguson is Chairman of the Audit Committee. The Board believes it is appropriate for Mr Ferguson to be Chairman of the Committee as he is considered to be independent and there are no conflicts of interest.

The Committee's responsibilities which were discharged during the year include:

- monitoring the integrity of the half-yearly and annual financial statements and any formal announcements relating to the Company's financial performance;
- reviewing the adequacy and effectiveness of internal control and risk management systems;
- making recommendations to the Board in relation to the appointment of the external auditors and approving the remuneration and terms of their engagement;
- developing and implementing policy on the engagement of the external auditors to supply non-audit services;
- reviewing and monitoring the independence, objectivity and effectiveness of the external auditors;
- reviewing the arrangements in place within Baillie Gifford & Co whereby its staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company;
- reviewing the terms of the Investment Management Agreement; and
- considering whether there is a need for the Company to have its own internal audit function.

PricewaterhouseCoopers LLP are engaged as the Company's Auditors. Having considered the experience and tenure of the audit partner and staff and the nature of services provided, the Committee remains satisfied with the Auditors' effectiveness. The audit partners responsible for the audit are rotated every 5 years and the current lead partner has been in place for 5 years. Accordingly, a new lead audit partner has been appointed for next year. There are no contractual obligations restricting the Company's choice of external auditor. The Committee receives confirmation from the Auditors that they have complied with the relevant UK professional and regulatory requirements on independence. Non-audit fees for the year to 30 April 2012 were £1,000, and related to the certification of financial information for the debenture trustees. The Committee does not believe that this has impaired the Auditors' independence.

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 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 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 AGM and is published on the Company's page of the Managers' website www.monksinvestmenttrust.co.uk subsequent to the meeting.

Shareholders and potential investors may obtain up-to-date information on the Company from the Managers' website.

Corporate Governance and Stewardship

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

The Company believes that it is in the shareholders' interests to consider environmental, social and governance ('ESG') factors when selecting and retaining investments and has asked the Managers to take these issues into account as long as the investment objectives are not compromised. 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 of the United Nations Principles for Responsible Investment.

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.

Bribery Act 2010

The Bribery Act came into force on 1 July 2011. 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.

Investment Managers

The Board as a whole fulfils the function of the Management Engagement Committee.

An Investment Management Agreement between the Company and Baillie Gifford & Co 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 notice period for terminating the Management Agreement is six months. Careful consideration has been given by the Board as to the basis on which the management fee is charged. The Board considers that maintaining a relatively low total expense ratio is in the best interest of all shareholders. The Board is also of the view that calculating the fee with reference to performance would be unlikely to exert a positive influence over the long term performance. Details of the fee arrangements with Baillie Gifford & Co are shown in note 3 on page 33.

The Board considers the Company's investment management and secretarial arrangements on an ongoing basis and a formal review is conducted annually. The Board considers, amongst others, the following topics in its review: the quality of the personnel assigned to handle the Company's affairs; the investment process and the results achieved to date; investment performance; the administrative services provided by the Secretaries; and the marketing efforts undertaken by the Managers. Following the most recent review it is the opinion of the Directors that the continuing appointment of Baillie Gifford & Co as Managers, on the terms agreed, is in the interests of shareholders as a whole.

Directors

Information about the Directors who were in office during the year and up to the date the financial statements were signed, including their relevant experience, can be found on page 18.

In accordance with the provisions of the UK Corporate Governance Code, all of the Directors are retiring at the AGM and are offering themselves for re-election. Following formal performance evaluation, 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.

The Directors at the end of the year under review and their interests in the Company are as shown in the following table. There have been no changes intimated in the Directors' interests up to 13 June 2012.

Directors' Interests

Name	Nature of interest	Ordinary 5p shares held at 30 April 2012	Ordinary 5p shares held at 30 April 2011
JGD Ferguson	Beneficial	220,000	220,000
CC Ferguson	Beneficial	50,000	50,000
EM Harley	Beneficial	200,000	200,000
DCP McDougall	Beneficial	1,373,160	1,365,648

Directors' Indemnity and Insurance

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

The Company also maintains Directors' and Officers' liability insurance.

Share Capital

Capital Structure

The Company's capital structure consists of 256,124,859 ordinary shares of 5p each at 30 April 2012. There are no restrictions concerning the holding or transfer of the Company's ordinary shares and there are no special rights attached to any of the shares.

Dividends

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

Capital entitlement

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

Voting

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

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

Major Interests in the Company's Shares

Name	Ordinary 5p shares held at 30 April 2012	% of issue
U.S. Steel and Carnegie Pension Plan	12,820,000	4.9
Rensburg Sheppards Investment Management Limited	10,505,532	4.0
Legal and General Group Plc	9,975,424	3.8

There have been no changes to the major interests in the Company's shares intimated up to 13 June 2012.

Purchase of Own Shares

During the year to 30 April 2012 the Company bought back 4,640,000 ordinary shares (nominal value £232,000, representing 1.8% of the called up share capital at 30 April 2011) on the London Stock Exchange for cancellation. The total consideration for these shares was £15,281,000. Between 1 May 2012 and 13 June 2012 the Company bought back 366,000 ordinary shares for cancellation at a total cost £1,164,000.

The principal reason for share buy-backs is to enhance net asset value for continuing shareholders by purchasing shares at a discount to the prevailing net asset value.

The shares were purchased at a price (after allowing for costs) below the net asset value and subsequently cancelled, thereby reducing the issued share capital (see note 14 on page 39). As a result of such purchases since April 1999, the net asset value of the Company is approximately 6% higher now than it would otherwise have been, other things being equal.

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 2013.

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

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

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

The minimum price (exclusive of expenses) that may be paid is 5p per share. Purchases of shares will be made within guidelines established, from time to time, by the Board. The Company does not have any warrants or options in issue. Your attention is drawn to Resolution 10 in the Notice of Annual General Meeting. 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 the best interests of shareholders generally.

Creditor Payment Policy

It is the Company's payment policy to obtain the best terms for all business. In general, the Company agrees with its suppliers the terms on which business will take place and it is its policy to abide by these terms. The Company had no trade creditors at either 30 April 2011 or 30 April 2012.

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.

Independent Auditors

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

Recommendation

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

By order of the Board
JGD FERGUSON
Chairman
15 June 2012

Statement of Directors' Responsibilities

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

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

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

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

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

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

- the financial statements, which have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), give a true and fair view of the assets, liabilities, financial position and net return of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board
JGD FERGUSON
Chairman
15 June 2012

Directors' Remuneration Report

The Board has prepared this report, in accordance with the requirements of the Companies Act 2006. 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. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on page 27.

Remuneration Committee

The Company has four Directors, all of whom are non-executive. There is no separate remuneration committee and the Board as a whole considers changes to Directors' fees from time to time. Baillie Gifford & Co, who have been appointed by the Board as Managers and Secretaries, provide advice and comparative information when the Board considers the level of Directors' fees.

Policy on 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. It should also 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. This policy will continue for the year ending 30 April 2013 and subsequent years.

The fees for the non-executive Directors are determined within an aggregate limit set out in the Company's Articles of Association, which currently stands at £200,000. Non-executive Directors are not eligible for any other remuneration apart from the reimbursement of allowable expenses.

The Board reviewed Directors' fees during the year and concluded that they should be increased from £33,000 to £37,500 for the Chairman and from £22,000 to £25,000 for the other Directors with effect from 1 November 2011. Directors' fees were last increased on 1 November 2008. Directors' remuneration for the year is shown in the table below.

Directors' Remuneration for the Year (audited)

	2012 £	2011 £
Directors who served during the year		
JGD Ferguson	35,250	33,000
CC Ferguson	23,500	22,000
EM Harley	23,500	22,000
DCP McDougall	23,500	22,000
	105,750	**99,000**

Directors' Service Contracts

It is the Board's policy that none of the Directors has a service contract. All of the Directors have been provided with appointment letters and the terms of their appointment provide that Directors shall retire and be subject to election at the first Annual General Meeting after their appointment. Thereafter, Directors shall retire annually and, if they wish, offer themselves for re-election. There is no notice period and no provision for compensation upon early termination of appointment.

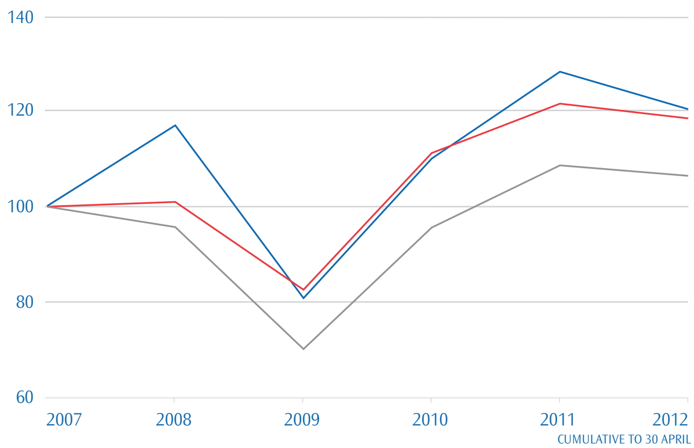
Company Performance

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

Performance Graph

(figures rebased to 100 at 30 April 2007)

Past performance is not a guide to future performance.



Source: Thomson Reuters Datastream

Monks share price

FTSE All-Share

FTSE World Index

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

Approval

The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf on 15 June 2012.

JGD FERGUSON
Chairman

Independent Auditors' Report

to the members of The Monks Investment Trust PLC ('the Company')

We have audited the financial statements of The Monks Investment Trust PLC for the year ended 30 April 2012 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 25, 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 International Standards on Auditing (UK and 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.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2012 and of its net return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' Statement, set out on page 22, in relation to going concern;
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Karyn Lamont (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
15 June 2012

Notes

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

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

Income Statement

For the year ended 30 April

	Notes	2012 Revenue £'000	2012 Capital £'000	**2012 Total £'000**	2011 Revenue £'000	2011 Capital £'000	**2011 Total £'000**
(Losses)/gains on investments	9	–	(61,063)	**(61,063)**	–	94,317	**94,317**
Currency (losses)/gains	15	–	(890)	**(890)**	–	1,042	**1,042**
Income	2	31,424	–	**31,424**	27,366	–	**27,366**
Investment management fee	3	(5,087)	–	**(5,087)**	(5,075)	–	**(5,075)**
Other administrative expenses	4	(1,013)	–	**(1,013)**	(1,172)	–	**(1,172)**
Net return before finance costs and taxation		25,324	(61,953)	**(36,629)**	21,119	95,359	**116,478**
Finance costs of borrowings	5	(10,434)	–	**(10,434)**	(9,374)	–	**(9,374)**
Net return on ordinary activities before taxation		14,890	(61,953)	**(47,063)**	11,745	95,359	**107,104**
Tax on ordinary activities	6	(1,001)	–	**(1,001)**	(1,145)	–	**(1,145)**
Net return on ordinary activities after taxation		**13,889**	**(61,953)**	**(48,064)**	**10,600**	**95,359**	**105,959**
Net return per ordinary share	7	**5.35p**	**(23.86p)**	**(18.51p)**	**4.06p**	**36.56p**	**40.62p**
Note: Dividends per share paid and payable in respect of the year	8	**3.95p**			**3.00p**		

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

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

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

The accompanying notes on pages 32 to 48 are an integral part of the financial statements.

Balance Sheet

As at 30 April

	Notes	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		1,098,327		1,193,261
Current assets					
Debtors	10	37,107		20,789	
Investments held at fair value through profit or loss	9	10,553		–	
Cash and deposits	23	39,519		18,912	
		87,179		39,701	
Creditors					
Amounts falling due within one year	11	(116,140)		(52,469)	
Net current liabilities			(28,961)		(12,768)
Total assets less current liabilities			1,069,366		1,180,493
Creditors					
Amounts falling due after more than one year	12		(79,647)		(119,614)
Total net assets			**989,719**		**1,060,879**
Capital and reserves					
Called up share capital	14		12,806		13,038
Share premium	15		11,100		11,100
Capital redemption reserve	15		6,592		6,360
Capital reserve	15		915,546		992,780
Revenue reserve	15		43,675		37,601
Shareholders' funds	16		**989,719**		**1,060,879**
Net asset value per ordinary share (after deducting borrowings at fair value)	17		**382.8p**		**403.9p**
Net asset value per ordinary share (after deducting borrowings at par)	17		**386.3p**		**406.7p**

The financial statements of The Monks Investment Trust PLC (Company registration number 236964) were approved and authorised for issue by the Board and were signed on 15 June 2012.

JGD FERGUSON
Chairman

The accompanying notes on pages 32 to 48 are an integral part of the financial statements.

Reconciliation of Movements in Shareholders' Funds

For the year ended 30 April 2012

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	**Shareholders' funds £'000**
Shareholders' funds at 1 May 2011		13,038	11,100	6,360	992,780	37,601	**1,060,879**
Net return on ordinary activities after taxation		–	–	–	(61,953)	13,889	**(48,064)**
Shares purchased for cancellation	14	(232)	–	232	(15,281)	–	**(15,281)**
Dividends paid during the year	8	–	–	–	–	(7,815)	**(7,815)**
Shareholders' funds at 30 April 2012		**12,806**	**11,100**	**6,592**	**915,546**	**43,675**	**989,719**

For the year ended 30 April 2011

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	**Shareholders' funds £'000**
Shareholders' funds at 1 May 2010		13,051	11,100	6,347	898,228	29,610	**958,336**
Net return on ordinary activities after taxation		–	–	–	95,359	10,600	**105,959**
Shares purchased for cancellation		(13)	–	13	(807)	–	**(807)**
Dividends paid during the year	8	–	–	–	–	(2,609)	**(2,609)**
Shareholders' funds at 30 April 2011		**13,038**	**11,100**	**6,360**	**992,780**	**37,601**	**1,060,879**

The accompanying notes on pages 32 to 48 are an integral part of the financial statements.

Cash Flow Statement

For the year ended 30 April

	Notes	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Net cash inflow from operating activities	18		24,825		5,270
Servicing of finance					
Interest paid		(10,498)		(9,461)	
Net cash outflow from servicing of finance			(10,498)		(9,461)
Taxation					
Overseas tax incurred		(972)		(1,188)	
Total tax paid			(972)		(1,188)
Financial investment					
Acquisitions of investments		(448,147)		(491,755)	
Disposals of investments		477,577		463,417	
Forward currency contracts		(1,518)		2,329	
Net cash inflow/(outflow) from financial investment			27,912		(26,009)
Equity dividends paid	8		(7,815)		(2,609)
Net cash inflow/(outflow) before financing			33,452		(33,997)
Financing					
Shares purchased for cancellation		(10,478)		(807)	
Bank loans drawn		–		40,000	
Net cash (outflow)/inflow from financing			(10,478)		39,193
Increase in cash	19		**22,974**		**5,196**

	Notes	2012 £'000	2011 £'000
Reconciliation of net cash flow to movement in net debt	19		
Increase in cash in the year		22,974	5,196
Translation difference		(2,367)	(733)
Net cash inflow from bank loans		–	(40,000)
Other non-cash changes		(33)	(32)
Movement in net debt in the year		20,574	(35,569)
Net debt at 1 May		(140,702)	(105,133)
Net debt at 30 April		**(120,128)**	**(140,702)**

The accompanying notes on pages 32 to 48 are an integral part of the financial statements.

1 Principal Accounting Policies

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

(a) Basis of Accounting

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

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

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

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

(b) Investments

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

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

(c) Derivatives

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

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

(d) Cash and Liquid Resources

Cash and liquid resources includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(e) Income

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

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

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

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

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

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

(f) Expenses

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

(g) Long Term Borrowings and Finance Costs

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

(h) Deferred Taxation

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

(i) Dividend Distributions

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

(j) Foreign Currencies

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

(k) Capital Reserve

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

2 Income

	2012 £'000	2011 £'000
Income from investments		
Franked investment income	5,237	4,033
UK unfranked investment income*	792	1,110
Overseas dividends	21,817	18,628
Overseas interest	3,545	3,349
	31,391	**27,120**
Other income		
Deposit interest	24	14
Underwriting commission	9	232
	33	**246**
Total income	**31,424**	**27,366**
Total income comprises:		
Dividends from financial assets designated at fair value through profit or loss	27,054	22,665
Interest from financial assets designated at fair value through profit or loss	4,337	4,455
Interest from financial assets not at fair value through profit or loss	24	14
Other income not from financial assets	9	232
	31,424	**27,366**

*Includes dividends from OEICs.

3 Investment Management Fee

	2012 £'000	2011 £'000
Investment management fee	**5,087**	**5,075**

Baillie Gifford & Co are employed by the Company as Managers and Secretaries under a management agreement which is terminable on not less than 6 months' notice. The fee in respect of each quarter is 0.1125% of the total assets less current liabilities. The management fee is levied on all assets, including holdings in collective investment schemes (OEICs) managed by Baillie Gifford & Co; however, the class of shares in OEICs held by the Company does not attract a management fee.

4 Other Administrative Expenses

	2012 £'000	2011 £'000
General administrative expenses	884	1,043
Directors' fees (see Directors' Remuneration Report on page 26)	106	99
Auditors' remuneration – statutory audit of annual financial statements	22	21
Auditors' non-audit remuneration:		
Other services relating to taxation	–	8
All other services	1	1
	1,013	**1,172**

5 Finance Costs of Borrowings

	2012 £'000	2011 £'000
Bank loans	2,371	1,110
Interest rate swap	1,081	1,282
Debenture stocks	6,982	6,982
	10,434	**9,374**

6 Tax on Ordinary Activities

	2012 £'000	2011 £'000
Analysis of charge in year		
Overseas tax	1,146	1,236
Adjustment in respect of previous years	(145)	(34)
Total current tax	**1,001**	**1,202**
Deferred taxation (see note 13)	–	(57)
Tax on profits on ordinary activities	**1,001**	**1,145**

Factors affecting current tax charge for year
The tax assessed for the year is higher (2011 – lower) than the average standard rate of corporation tax in the UK of 25.8% (2011 – 27.8%). The differences are explained below:

	2012 £'000	2011 £'000
Net return on ordinary activities before taxation	(47,063)	107,104
Net return on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 25.8% (2011 – 27.8%)	(12,159)	29,813
Capital returns not taxable	16,006	(26,543)
Income not taxable	(6,369)	(5,573)
Taxable expenses in the year not utilised	2,522	2,303
Overseas tax	1,146	1,236
Adjustments in respect of previous years	(145)	(34)
Current tax charge for the year	**1,001**	**1,202**

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

The standard rate of corporation tax in the UK changed from 26% to 24% on 1 April 2012.

Factors that may affect future tax charges
At 30 April 2012 the Company had a potential deferred tax asset of £4,292,000 (2011 – £2,042,000) 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 24%. Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval 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

	2012 Revenue	2012 Capital	**2012 Total**	2011 Revenue	2011 Capital	**2011 Total**
Net return per ordinary share	**5.35p**	**(23.86p)**	**(18.51p)**	**4.06p**	**36.56p**	**40.62p**

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation of £13,889,000 (2011 – £10,600,000) and on 259,692,291 (2011 – 260,870,338) ordinary shares of 5p, being the weighted average number of ordinary shares in issue during the year.

Capital return per ordinary share is based on the net capital loss for the financial year of £61,953,000 (2011 – gain of £95,359,000) and on 259,692,291 (2011 – 260,870,338) 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

	2012	2011	2012 £'000	2011 £'000
Amounts recognised as distributions in the year:				
Previous year's final (paid 5 August 2011)	2.50p	0.50p	6,519	1,305
Interim (paid 30 January 2012)	0.50p	0.50p	1,296	1,304
	3.00p	**1.00p**	**7,815**	**2,609**

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 £13,889,000 (2011 – £10,600,000).

	2012	2011	2012 £'000	2011 £'000
Dividends paid and payable in respect of the financial year:				
Interim (paid 30 January 2012)	0.50p	0.50p	1,296	1,304
Proposed final (payable 13 August 2012)	3.45p	2.50p	8,836	6,519
	3.95p	**3.00p**	**10,132**	**7,823**

9 Investments

As at 30 April 2012	Level 1 £'000	Level 2 £'000	Level 3 £'000	**Total £'000**
Listed equities	1,007,796	2,076	–	**1,009,872**
Listed equity index options	16,322	–	–	**16,322**
Listed debt securities	10,133	21,913	34,927	**66,973**
Unlisted equities	–	–	9,533	**9,533**
Unlisted debt securities	–	–	6,180	**6,180**
Total financial asset investments	**1,034,251**	**23,989**	**50,640**	**1,108,880**
Comprising:				
Fixed asset investments	1,023,698	23,989	50,640	**1,098,327**
Current asset investments	10,553	–	–	**10,553**
	1,034,251	**23,989**	**50,640**	**1,108,880**

As at 30 April 2011	Level 1 £'000	Level 2 £'000	Level 3 £'000	**Total £'000**
Listed equities	1,078,016	–	–	**1,078,016**
Listed equity index options	14,357	–	–	**14,357**
Listed debt securities	17,075	20,161	50,138	**87,374**
Unlisted equities	–	–	7,584	**7,584**
Unlisted debt securities	–	–	5,930	**5,930**
Total financial asset investments	**1,109,448**	**20,161**	**63,652**	**1,193,261**

Investments in securities are financial assets designated at fair value through profit or loss on initial recognition. In accordance with FRS 29 'Financial Instruments: Disclosures', the above tables provide an analysis of these investments based on the fair value hierarchy described on page 36, which reflects the reliability and significance of the information used to measure their fair value.

9 Investments (continued)

Fair Value Hierarchy

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

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

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

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

	Listed equities * £'000	Listed debt £'000	Unlisted £'000	**Total £'000**
Cost of investments at 1 May 2011	858,383	75,407	16,586	**950,376**
Investment holding gains/(losses) at 1 May 2011	233,990	11,967	(3,072)	**242,885**
Value of investments at 1 May 2011	**1,092,373**	**87,374**	**13,514**	**1,193,261**
Movements in year:				
Purchases at cost	443,498	8,055	9,621	**461,174**
Sales – proceeds	(435,816)	(26,605)	–	**(462,421)**
– realised (losses)/gains on sales	(26,260)	5,186	–	**(21,074)**
Amortisation of fixed interest book cost	–	901	85	**986**
Change in category	16,622	(7,577)	(9,045)	**–**
Changes in investment holding gains/(losses)	(64,223)	(361)	1,538	**(63,046)**
Value of investments at 30 April 2012	**1,026,194**	**66,973**	**15,713**	**1,108,880**
Cost of investments at 30 April 2012	856,427	55,367	17,247	**929,041**
Investment holding gains/(losses) at 30 April 2012	169,767	11,606	(1,534)	**179,839**
Value of investments at 30 April 2012	**1,026,194**	**66,973**	**15,713**	**1,108,880**
Comprising:				
Fixed asset investments	1,015,641	66,973	15,713	**1,098,327**
Current asset investments	10,553	–	–	**10,553**
	1,026,194	**66,973**	**15,713**	**1,108,880**

*Equities includes convertible securities and equity index options.

The purchases and sales proceeds figures above include transaction costs of £502,000 (2011 – £1,067,000) and £673,000 (2011 – £586,000) respectively. Of the realised losses on sales of fixed asset investments during the year of £21,074,000 (2011 – gains of £103,368,000), a net gain of £67,486,000 (2011 – gain of £101,943,000) was included in investment holding gains/(losses) at the previous year end.

9 Investments (continued)

The tables below show a reconciliation from the opening balances to the closing balances for fair value measurements in level 3 of the fair value hierarchy. The gains and losses shown in the tables have all been included in the Income Statement on page 28 within losses/gains on investments. The values of level 3 investments are calculated using valuation techniques based upon the latest dealing prices, stockbroker valuations, net asset values and other information as appropriate. The Company believes that other reasonably possible alternative valuations for its Level 3 holdings would not be significantly different from those included in the financial statements.

For the year to 30 April 2012	Value at 1 May 2011 £'000	Purchases/ amortisation* £'000	Sales proceeds £'000	Change in category £'000	Gains on sales £'000	Holding gains/(losses) £'000	**Value at 30 April 2012 £'000**
Listed debt securities	50,138	342	(13,660)	–	3,707	(5,600)	**34,927**
Unlisted equities	7,584	3,347	–	–	–	(1,398)	**9,533**
Unlisted debt securities	5,930	6,359	–	(9,045)†	–	2,936	**6,180**
	63,652	**10,048**	**(13,660)**	**(9,045)**	**3,707**	**(4,062)**	**50,640**

*Purchases/amortisation for debt securities includes amortisation of fixed income securities of £427,000.
†This represents the conversion of unlisted loan notes into listed equity.

For the year to 30 April 2011	Value at 1 May 2010 £'000	Purchases/ amortisation* £'000	Sales proceeds £'000	Change in category £'000	Gains on sales £'000	Holding gains/(losses) £'000	**Value at 30 April 2011 £'000**
Listed debt securities	43,232	3,285	(6,046)	–	790	8,877	**50,138**
Unlisted equities	2	7,541	–	–	–	41	**7,584**
Unlisted debt securities	3,150	4,590	–	–	–	(1,810)	**5,930**
	46,384	**15,416**	**(6,046)**	**–**	**790**	**7,108**	**63,652**

*Purchases/amortisation for debt securities includes amortisation of fixed income securities of £395,000.

	2012 £'000	2011 £'000
(Losses) /gains on investments:		
Fixed and current asset investments:		
Realised (losses)/gains on sales	(21,074)	103,368
Changes in investment holding gains/(losses)	(63,046)	806
	(84,120)	**104,174**
Equity index futures:		
Realised gains/(losses)	15,558	(3,860)
Changes in investment holding gains/(losses)	14,031	(5,402)
Interest rate swap:		
Realised losses	(3,781)	–
Changes in investment holding losses	(2,751)	(595)
	(61,063)	**94,317**

The realised gains/(losses) figures for equity index futures above includes transaction costs of £252,000 (2011 – £nil). Details of the equity index futures and the interest rate swap open at the balance sheet date are shown on pages 46 and 48.

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. The aggregate amount of the capital and reserves of the investee company at the end of its latest financial year end (31 December 2011) was €6,169,000 and its loss for the period then ended amounted to €131,000. At 30 April Monks holding was:

	2012 Shares held	2012 Value £'000	2012 % of Shares held	2011 Shares held	2011 Value £'000	2011 % of Shares held
Silk Invest Africa Food Fund	10,000	7,309	95.2	6,000	5,337	95.2

10 Debtors

	2012 £'000	2011 £'000
Amounts falling due within one year:		
Accrued income and prepaid expenses	3,994	4,390
UK income taxation recoverable	380	380
Overseas taxation recoverable	202	374
Unrealised gain on equity index futures (see page 46)	8,629	–
Unrealised gain on forward currency contracts (see page 47)	3,086	91
Amounts due from equity index futures brokers	16,312	14,107
Amounts due from swap brokers – collateral	4,490	1,445
Other debtors	14	2
	37,107	**20,789**

None of the above debtors are financial assets designated at fair value through profit or loss apart from the unrealised gains on equity index futures and forward currency contracts, which are classified as Level 1 and Level 2 respectively in the fair value hierarchy described on page 36. The carrying amount of debtors is a reasonable approximation of fair value.

11 Creditors – Amounts Falling Due within One Year

	2012 £'000	2011 £'000
Purchases for subsequent settlement	15,274	2,247
Share repurchases for subsequent settlement	4,803	–
Bank loan	40,000	40,000
11% debenture stock 2012 (see note 12)	40,000	–
Corporation tax	45	–
Unrealised loss on equity index futures (see page 46)	–	5,402
Unrealised loss on interest rate swap (see page 48)	3,994	1,243
Amounts due to equity index futures brokers	8,629	–
Other creditors and accruals	3,395	3,577
	116,140	**52,469**

None of the above creditors are financial liabilities designated at fair value through profit or loss apart from the unrealised losses on equity index futures and the interest rate swap, which are classified as Level 1 and Level 2 respectively in the fair value hierarchy described on page 36. Included in other creditors is £695,000 (2011 – £773,000) in respect of the investment management fee.

At 30 April 2012 the Company had a £40m three year fixed rate loan facility and a £40m one year floating rate facility, both with Scotiabank Europe PLC. Both of the Scotiabank Europe PLC facilities were fully drawn down in sterling at 30 April 2012. Since March 2010, the Company has had in place a 30 year interest rate swap for £40m which locks in the rate banks charge to each other. The net effect of the floating rate facility and the interest rate swap is that part of the cost of borrowings over the next thirty years has been locked in but the smaller element that is determined by the additional margin banks charge non-bank customers has only been fixed for a year; the effective interest rate at the year end on the floating rate loan/swap is 4.8%. More details on the interest rate swap are shown on page 48.

The main covenants relating to the loans are that total assets shall not fall below £550m and the ratio of adjusted total net assets to debt shall not exceed 3:1. 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	2012 £'000	2011 £'000
Debenture stocks:					
£40 million 11% debenture stock 2012	1/6/2012	11.0%	11.0%	–	40,000
£40 million 6⅜% debenture stock 2023	1/9/2023	6.375%	6.5%	39,647	39,614
Bank loans:					
Scotiabank Europe PLC (see note 11)	28/2/2014	3.57%	3.57%	40,000	40,000
				79,647	**119,614**

Debenture stocks

The debenture stocks are stated at amortised cost (see note 1 on page 32); the cumulative effect is to decrease the carrying amount of borrowings by £353,000 (2011 – £386,000). The debenture stocks are 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%.

The weighted average interest rate of the debenture stocks is 8.7% (2011 – 8.7%).

13 Deferred Taxation

	2012 £'000	2011 £'000
Income taxable in a later period	–	–
Overseas withholding tax claimable as a deduction in a later period	–	–
	–	**–**
Movement in deferred taxation charge on income taxable in a later period for the year	–	(80)
Movement in deferred taxation credit on overseas withholding tax claimable in a later period	–	23
Net movement in deferred taxation provision for year (see note 6)	**–**	**(57)**
Deferred taxation provision at 1 May	–	57
Deferred taxation provision at 30 April	**–**	**–**

14 Called Up Share Capital

	2012 Number	2012 £'000	2011 Number	2011 £'000
Allotted, called up and fully paid ordinary shares of 5p each	**256,124,859**	**12,806**	**260,764,859**	**13,038**

In the year to 30 April 2012 the Company bought back 4,640,000 ordinary shares with a nominal value of £232,000 at a total cost of £15,281,000. At 30 April 2012 the Company had authority to buy back a further 34,448,652 ordinary shares, being 13.4% of the shares in issue at the year end. Under the provisions of the Company's Articles of Association share buy-backs are funded from the capital reserve.

15 Capital and Reserves

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	**Shareholders' funds £'000**
At 1 May 2011	13,038	11,100	6,360	992,780	37,601	**1,060,879**
Losses on fixed and current asset investments	–	–	–	(84,120)	–	**(84,120)**
Gains on equity index futures	–	–	–	29,589	–	**29,589**
Losses on interest rate swap	–	–	–	(6,532)	–	**(6,532)**
Currency gains on forward currency contracts	–	–	–	1,477	–	**1,477**
Other currency losses	–	–	–	(2,367)	–	**(2,367)**
Revenue return on ordinary activities after taxation	–	–	–	–	13,889	**13,889**
Shares purchased for cancellation	(232)	–	232	(15,281)	–	**(15,281)**
Dividends paid in the year	–	–	–	–	(7,815)	**(7,815)**
At 30 April 2012	**12,806**	**11,100**	**6,592**	**915,546**	**43,675**	**989,719**

The capital reserve balance at 30 April 2012 includes investment holding gains on fixed asset investments of £179,839,000 (2011 – gains of £242,885,000) as detailed in note 9 on page 36. The revenue reserve is distributable by way of dividend.

16 Shareholders' Funds

	2012 £'000	2011 £'000
Shareholders' funds	**989,719**	**1,060,879**

Shareholders' funds have been calculated in accordance with the provisions of FRS 26. However, the net asset value per share figures in note 17 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:

	2012	2011
Shareholders' funds per ordinary share	386.4p	406.8p
Expense of debenture issue	(0.1p)	(0.1p)
Net asset value per ordinary share	**386.3p**	**406.7p**

17 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:

	2012	2011	2012 £'000	2011 £'000
Ordinary shares	**386.3p**	**406.7p**	**989,366**	**1,060,493**

	2012 £'000	2011 £'000
The movements during the year of the assets attributable to the ordinary shares were as follows:		
Total net assets at 1 May	1,060,493	957,918
Return on ordinary activities after taxation	(48,064)	105,959
Dividends paid in the year	(7,815)	(2,609)
Amortisation of debenture issue expenses	33	32
Shares purchased for cancellation	(15,281)	(807)
Total net assets at 30 April	**989,366**	**1,060,493**

Net asset value per ordinary share is based on net assets (adjusted to reflect the deduction of the debentures at par) and on 256,124,859 (2011 – 260,764,859) ordinary shares of 5p, being the number of ordinary shares in issue at the year end. Shareholders' funds as reported in the balance sheet has been computed in accordance with the provisions of FRS 26. A reconciliation of the two sets of figures under these two conventions is given in note 16.

Deducting long term borrowings at fair value would have the effect of reducing net asset value per ordinary share from 386.3p to 382.8p. Taking the market price of the ordinary shares at 30 April 2012 of 338.5p, this would have given a discount to net asset value of 11.6% as against 12.4% on a traditional basis. At 30 April 2011 the effect would have been to reduce net asset value per ordinary share from 406.7p to 403.9p. Taking the market price of the ordinary shares at 30 April 2011 of 364.0p, this would have given a discount to net asset value of 9.9% as against 10.5% on a traditional basis.

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

	2012 £'000	2011 £'000
Net return before finance costs and taxation	(36,629)	116,478
Losses/(gains) on investments	61,063	(94,317)
Currency losses/(gains)	890	(1,042)
Amortisation of fixed interest book cost	(986)	(988)
Decrease/(increase) in accrued income	398	(312)
Decrease/(increase) in debtors	175	(14,716)
(Decrease)/increase in creditors	(86)	167
Net cash inflow from operating activities	**24,825**	**5,270**

19 Analysis of Change in Net Funds

	At 1 May 2011 £'000	Cash flows £'000	Translation difference £'000	Other non-cash changes £'000	**At 30 April 2012 £'000**
Cash at bank and in hand	18,912	22,974	(2,367)	–	**39,519**
Loans and debenture stocks due within one year	(40,000)	–	–	(40,000)	**(80,000)**
Loans and debenture stocks due between one and five years	(80,000)	–	–	40,000	**(40,000)**
Debenture stocks due in more than five years	(39,614)	–	–	(33)	**(39,647)**
	(140,702)	**22,974**	**(2,367)**	**(33)**	**(120,128)**

20 Contingent Liabilities, Guarantees and Financial Commitments

At 30 April 2012 the Company had no contingent liabilities, guarantees or financial commitments. At 30 April 2011 the Company had a contingent liability of £4,455,000 in respect of a subscription agreement relating to participating unsecured loan notes and had a commitment to invest €4,000,000 into the Silk Invest Africa Food Fund.

21 Related Party Transactions

The Directors' fees for the year are detailed in the Directors' Remuneration Report on page 26. No Director has a contract of service with the Company. During the year no Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006. The details of the management fee are set out in note 3, and the management fee due to Baillie Gifford as at 30 April 2012 is disclosed in note 11.

22 Post Balance Sheet Event

The Company repaid its £40m 11% debenture stock 2012 on the maturity date of 1 June 2012.

23 Financial Instruments

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

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

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

Market Risk

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

Details of the Company's investment portfolio are shown in note 9. Details of derivative financial instruments open at the balance sheet date are shown on pages 46 to 48.

Currency Risk

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

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

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

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

23 Financial Instruments (continued)

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

At 30 April 2012	Investments £'000	Cash and deposits £'000	Forward currency contracts £'000	Loans and debentures £'000	Other debtors and creditors * £'000	**Net exposure £'000**
US dollar	256,812	10,080	(47,596)	–	(10,821)	**208,475**
Euro	93,634	18,154	(21,709)	–	3,075	**93,154**
Japanese yen	72,360	–	(14,241)	–	923	**59,042**
Brazilian real	87,004	5,159	(20,204)	–	9,030	**80,989**
Other overseas currencies	274,171	217	–	–	2,333	**276,721**
Total exposure to currency risk	**783,981**	**33,610**	**(103,750)**	**–**	**4,540**	**718,381**
Sterling	324,899	5,909	106,836	(159,647)	(6,659)	**271,338**
	1,108,880	**39,519**	**3,086**	**(159,647)**	**(2,119)**	**989,719**

*Includes non-monetary assets of £43,000.

At 30 April 2011	Investments £'000	Cash and deposits £'000	Forward currency contracts £'000	Loans and debentures £'000	Other debtors and creditors * £'000	**Net exposure £'000**
US dollar	270,585	6,663	(56,665)	–	4,316	**224,899**
Euro	109,503	5,259	(18,462)	–	3,710	**100,010**
Japanese yen	65,267	441	(11,965)	–	(12)	**53,731**
Brazilian real	106,918	1,666	(28,012)	–	565	**81,137**
Other overseas currencies	400,081	2,318	–	–	(1,205)	**401,194**
Total exposure to currency risk	**952,354**	**16,347**	**(115,104)**	**–**	**7,374**	**860,971**
Sterling	240,907	2,565	115,195	(159,614)	855	**199,908**
	1,193,261	**18,912**	**91**	**(159,614)**	**8,229**	**1,060,879**

*Includes non-monetary assets of £57,000.

Currency Risk Sensitivity

At 30 April 2012, 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 2011.

	2012 £'000	2011 £'000
US dollar	10,424	11,245
Euro	4,658	5,000
Japanese yen	2,952	2,687
Brazilian real	4,049	4,057
Other overseas currencies	13,836	20,060
	35,919	**43,049**

23 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 Company has a £40m three year fixed rate bank loan. The Company also has a £40m one year floating rate bank loan and a 30 year interest rate swap for £40m, the net effect of which is that part of the cost of borrowings over the next thirty years has been locked in but the smaller element that is determined by the additional margin banks charge non-bank customers has only been fixed for a year (see notes 11 and 12 and pages 46 and 48 for further details).

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

Financial Assets	2012 Fair value £'000	2012 Weighted average interest rate	2012 Weighted average period until maturity	2011 Fair value £'000	2011 Weighted average interest rate	2011 Weighted average period until maturity
Fixed rate:						
UK bonds	1,194	8.5%	15 years	7,281	8.2%	8 years
European bonds	10,641	12.6%	5 years	1,199	15.7%	4 years
US bonds	11,407†	0.4%	3 years	7,142	3.5%	2 years
UK swap rate linked note*	4,291	7.2%	5 years	4,001	7.2%	6 years
Floating rate:						
UK bonds (interest rate linked to sterling LIBOR)	–	–	–	7,369	1.7%	2 years
European bonds (interest rate linked to Euro LIBOR)	5,272	21.4%	3 years	4,038	4.4%	5 years
Brazilian bonds (interest rate linked to Brazilian CPI)	20,211	9.2%	33 years	18,962	10.3%	34 years
UK swap rate linked note*	10,124	n/a	5 years	12,614	n/a	6 years
Fixed interest collective investment schemes:						
UK fund	–	–	–	2,652	–	n/a
US dollar denominated funds	21,420	5.1%	n/a	28,046	0.9%	n/a

* This instrument comprises a zero coupon note issued by Credit Suisse and an option on sterling interest rate swaps. The zero coupon element has a redemption value of £6.25m (fair value – £4.3m) and the redemption value of the interest rate swap element (fair value – £10.1m) 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.

† Represents a convertible security which has been classified as an equity holding.

23 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	2012 £'000	2011 £'000
Fixed rate – sterling	**159,647**	**159,614**

Maturity Profile	2012 Within 1 year £'000	2012 Between 1 and 5 years £'000	2012 More than 5 years £'000	2011 Within 1 year £'000	2011 Between 1 and 5 years £'000	2011 More than 5 years £'000
Repayment of loans and debentures	80,000	40,000	40,000	40,000	80,000	40,000
Interest on loans and debentures	6,914	11,385	16,575	9,100	15,029	19,125
Interest rate swap payments	927	3,707	21,330	1,250	5,000	30,021
	87,841	**55,092**	**77,905**	**50,350**	**100,029**	**89,146**

Interest Rate Risk Sensitivity

An increase of 100 basis points in bond/swap yields as at 30 April 2012 would have increased total net assets and total return on ordinary activities by £17,636,000 (2011 – £15,255,000) and would have increased the net asset value per share (with borrowings at fair value) by 8.7p (2011 – 7.8p). A decrease of 100 basis points would have decreased total net assets and total return on ordinary activities by £10,256,000 (2011 – £12,115,000) and would have decreased net asset value per share (with borrowings at fair value) by 5.8p (2011 – 6.6p).

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 12 to 16. In addition, a geographical analysis of the portfolio, an analysis of the portfolio by broad industrial or commercial sector and a list of the 30 largest equity investments are contained in the Managers' Portfolio Review section. Details of derivative financial instruments open at the balance sheet date are shown on pages 46 to 48. 103.7% of the Company's net assets are invested in listed equities (2011 – 103.0%). The sensitivity of the Company's equity investments to general movements in equity markets has been adjusted by the use of the equity derivatives instruments detailed on pages 46 and 47, with the sales of equity index futures reducing sensitivity to market movements and the purchase of equity index call options increasing it. Further details of the impact of these instruments on the portfolio are set out in the Investment Activity section of the Chairman's Statement on page 4 and in the Managers' Portfolio Review on page 6. After taking into account the impact of the equity index futures and options open at the balance sheet date, a 5% increase in listed equity valuations at 30 April 2012 would have increased total assets and total return on ordinary activities by £41,777,000 (2011 – £53,385,000). 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 Company's listed investments are held on its behalf by Bank of New York Mellon, the Company's custodian. 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 Manager monitors the Company's risk by reviewing the custodian's internal control reports and reporting its findings to the Board;

23 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

Exposure to credit risk at 30 April was:

	2012 £'000	2011 £'000
Fixed interest investments	73,153	93,304
Cash and short term deposits	39,519	18,912
Debtors and prepayments	37,107	20,789
	149,779	**133,005**

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 the financial assets and liabilities of the Company are stated at fair value in the balance sheet with the exception of long term borrowing which are stated at amortised cost in accordance with FRS26. The fair values of the Company's borrowings are shown below:

	2012 Nominal value £'000	2012 Book value £'000	2012 Fair value £'000	2011 Nominal value £'000	2011 Book value £'000	2011 Fair value £'000
11% debenture stock 2012	40,000	40,000	41,008	40,000	40,000	43,584
6⅜% debenture stock 2023	40,000	39,647	46,732	40,000	39,614	43,024
Short term bank loan	40,000	40,000	40,000	40,000	40,000	40,000
Long term bank loan	40,000	40,000	41,181	40,000	40,000	40,544
	160,000	**159,647**	**168,921**	**160,000**	**159,614**	**167,152**

Gains and Losses on Equity Index Futures Sales

The following equity index futures sales were in position at 30 April:

At 30 April 2012 Description	Expiration date	Notional amount	Position	Counterparty	Fair value £'000
FTSE 100 June 2012	15/6/12	(£115,996,970)	Sale	UBS	1,754
Euro STOXX 50 June 2012	15/6/12	(€93,634,038)	Sale	UBS	6,814
Brazilian Bovespa June 2012	15/6/12	(R$58,477,963)	Sale	UBS	943
Hang Seng China Enterprises May 2012	30/5/12	(HK$58,532,823)	Sale	UBS	(882)
					8,629

At 30 April 2011 Description	Expiration date	Notional amount	Position	Counterparty	Fair value £'000
FTSE 100 June 2011	17/6/11	(£39,971,000)	Sale	UBS	(1,596)
Euro STOXX 50 June 2011	17/6/11	(€47,049,000)	Sale	UBS	(1,664)
S&P 500 June 2011	16/6/11	($64,502,000)	Sale	UBS	(2,142)
					(5,402)

23 Financial Instruments (continued)

Gains and Losses on Purchased Equity Index Options

The following purchased equity index options were in position at 30 April:

At 30 April 2012 Description	Number of contracts	Strike price	Expiration date	Premium paid £'000	Fair value £'000
Nikkei 225 call	907	9,500	13/12/12	4,048	4,093
Nikkei 225 call	530	10,000	13/12/12	1,381	1,410
Nikkei 225 call	300	11,000	13/12/12	761	266
FTSE 100 call	1,300	5,500	21/12/12	4,734	5,512
Euro STOXX 50 call	2,900	2,500	21/12/12	4,272	1,562
Brazilian Bovespa call	2,700	70,000	12/12/12	4,581	1,304
Hang Seng China Enterprises call	1,350	12,000	28/12/12	5,030	2,175
				24,807	**16,322**

At 30 April 2011 Description	Number of contracts	Strike price	Expiration date	Premium paid £'000	Fair value £'000
Nikkei 225 call	1,137	9,500	9/12/11	6,246	6,721
Nikkei 225 call	1,302	10,000	9/12/11	4,847	5,002
Nikkei 225 call	173	9,500	13/12/12	1,159	1,470
Nikkei 225 call	300	11,000	13/12/12	761	1,164
				13,013	**14,357**

Gains and Losses on Forward Currency Contracts

The following forward currency contracts were in position at 30 April:

At 30 April 2012 Currency sold	Currency amount sold	Currency bought	Currency amount bought	Settlement date	Fair value £'000
US dollar	($77,280,000)	sterling	£48,850,000	17/5/12	1,254
Euro	(€26,630,000)	sterling	£22,300,000	17/5/12	591
Japanese yen	(¥1,846,000,000)	sterling	£14,324,000	17/5/12	82
Brazilian real	(R$62,360,000)	sterling	£21,363,000	17/5/12	1,159
					3,086

At 30 April 2011 Currency sold	Currency amount sold	Currency bought	Currency amount bought	Settlement date	Fair value £'000
US dollar	($94,500,000)	sterling	£58,222,000	12/5/11	1,557
Euro	(€20,760,000)	sterling	£17,886,000	12/5/11	(576)
Japanese yen	(¥1,619,000,000)	sterling	£12,132,000	12/5/11	166
Brazilian real	(R$73,490,000)	sterling	£26,956,000	19/5/11	(1,056)
					91

23 Financial Instruments (continued)

Gains and Losses on Interest Rate Swaps

The following interest rate swap was in position at 30 April:

At 30 April 2012 Notional amount	Payments received	Payments made	Termination date	Counter party	Fair value £'000
£40,000,000	6 months sterling LIBOR	3.71%	20/1/2040	Royal Bank of Scotland plc	**(3,994)**

At 30 April 2011 Notional amount	Payments received	Payments made	Termination date	Counter party	Fair value £'000
£40,000,000	6 months sterling LIBOR	4.2025%	20/1/2040	Royal Bank of Scotland plc	**(1,243)**

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

Capital Management

The capital of the Company is its share capital and reserves as set out in note 15 together with its borrowings (see notes 11 and 12). The objective of the Company is to invest internationally to achieve capital growth, which takes priority over income and dividends. The Company's investment policy is set out on page 19. In pursuit of the Company's objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern and details of the related risks and how they are managed are set out on page 22. The Company has the ability to buy back its shares (see page 24) and changes to the share capital during the year are set out in note 14. 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

Notice is hereby given that the eighty-third Annual General Meeting of The Monks Investment Trust PLC will be held at the Hotel Russell, 1–8 Russell Square, Bloomsbury, London WC1B 5BE on Tuesday, 7 August 2012, 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 to 30 April 2012 with the Reports of the Directors and of the Independent Auditors thereon.
2. To approve the Directors' Remuneration Report for the year to 30 April 2012.
3. To declare a final dividend.
4. To re-elect Mr JGD Ferguson as a Director.
5. To re-elect Ms CC Ferguson as a Director.
6. To re-elect Mr EM Harley as a Director.
7. To re-elect Mr DCP McDougall as a Director.
8. To reappoint PricewaterhouseCoopers LLP as Independent Auditors.
9. To authorise the Directors to determine the remuneration of the Independent Auditors.

To consider and, if thought fit, pass resolution 10 as a special resolution:

10. 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 authorised, 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 ordinary shares of 5p each in the capital of the Company ('Shares'), provided that:

    (a) the maximum aggregate number of Shares hereby authorised to be purchased shall be 38,338,252, being approximately 14.99% of the issued share capital on the date on which this resolution is passed;

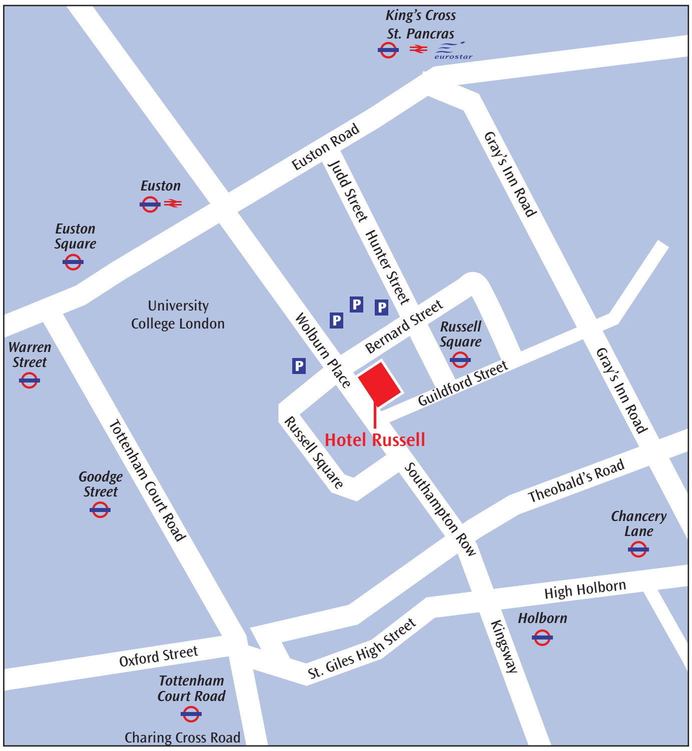
    (b) the minimum price which may be paid for a Share shall be 5p (exclusive of expenses);

    (c) the maximum price (exclusive of expenses) which may be paid for a Share shall not be more than the higher of:

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

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

    (d) unless previously varied, revoked or renewed by the Company in general meeting, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in respect of the financial year ending 30 April 2013, save that the Company may, prior to such expiry, enter into a contract to purchase Shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract.



The Annual General Meeting of the Company will be held at the Hotel Russell, 1–8 Russell Square, Bloomsbury, London WC1B 5BE on Tuesday 7 August 2012 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 027 0133.

Baillie Gifford may record your call.

By order of the Board

BAILLIE GIFFORD & CO
Managers and Secretaries
28 June 2012

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 circular 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.investorcentre.co.uk/eproxy no later than 48 hours (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 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
5. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish.
8. Shareholders participating in the Baillie Gifford Investment Trust Share Plan, Children's Savings Plan or the Baillie Gifford Investment Trust ISA who wish to vote and/or attend the meeting must complete and return the enclosed reply-paid Form of Direction.
9. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and Section 311 of the Companies Act 2006 the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company no later than 48 hours (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
10. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
11. The statement of the rights of shareholders in relation to the appointment of proxies in notes 1 and 2 above does not apply to Nominated Persons. The rights described in those notes can only be exercised by shareholders of the Company.
12. The members of the Company may require the Company to publish, on its website, (without payment) a statement (which is also passed to the auditors) setting out any matter relating to the audit of the Company's financial statements, including the auditors' report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.
13. Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website at www.monksinvestmenttrust.co.uk.
14. Members have the right to ask questions at the meeting in accordance with Section 319A of the Companies Act 2006.
15. As at 13 June 2012 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 255,758,859 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 13 June 2012 were 255,758,859 votes.
16. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his proxy will need to ensure that both he and his proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
17. No Director has a contract of service with the Company.

Further Shareholder Information

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

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

How to Invest

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker, by asking a professional adviser to do so, or through the Baillie Gifford savings vehicles (see page 52 for details). If you are interested in investing directly in Monks, you can do so online. There are a number of companies offering real time online dealing services.

Sources of Further Information on the Company

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

Key Dates

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

Capital Gains Tax

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

Share Register Enquiries

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

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

You can also check your holding on the Registrars' web site 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

	2012 Number	2012 %	2011 Number	2011 %
Institutions	85,238,554	33.3	88,875,912	34.1
Intermediaries	128,865,675	50.3	129,489,436	49.6
Individuals	19,854,066	7.8	21,565,481	8.3
Baillie Gifford Share Plans/ISA	20,070,761	7.8	19,584,975	7.5
Marketmakers	2,095,803	0.8	1,249,055	0.5
	256,124,859	**100.0**	**260,764,859**	**100.0**

- register to receive communications from the Company, including the Annual Report, in electronic format;
- update bank mandates and change address details;
- use online dealing services; and
- pay dividends directly into your overseas bank account in your chosen local currency.

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

Dividend Reinvestment Plan

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

Electronic Proxy Voting

If you hold stock in your own name you can choose to vote by returning proxies electronically at www.investorcentre.co.uk/eproxy.

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

CREST Proxy Voting

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

The financial statements have been approved by the Directors of The Monks Investment Trust PLC. Baillie Gifford Savings Management Limited 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. Baillie Gifford Savings Management Limited is wholly owned by Baillie Gifford & Co. Both are authorised and regulated by the Financial Services 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 currently up to a maximum of £11,280 each tax year
- Save monthly from £100
- A withdrawal charge of just £22

ISA Transfers

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

The Baillie Gifford Children's Savings Plan

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

Online Management Service

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

- get current valuations;
- make lump sum investments;
- switch between investment trusts (except where there is more than one holder);
- set up a direct debit to make regular investments; and
- update certain personal details.

* Please note that a bare trust cannot be opened via OMS. A bare trust application form must be completed.

Further information

If you would like more information on any of the plans described, please contact the Baillie Gifford Client Relations Team. (See contact details on page 53).

Risks

Past performance is not a guide to future performance.

Monks is a listed UK company. As a result, the value of its shares and any income from those shares is not guaranteed and could go down as well as up. You may not get back the amount you 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 which could encounter dealing, settlement and custody difficulties more than the main international markets.

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

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

Monks use of derivatives 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.

The favourable tax treatment of ISAs may change.

Details of other risks that apply to investment in these savings vehicles are contained in the product brochures.

Communicating with Shareholders

Trust Magazine

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

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

Guides to Investment Trusts

Baillie Gifford has produced a number of educational guides on investment trusts. These are designed to explain how investment trusts work and to explain the various ways you can invest in them. If you would like copies of any of these guides, please contact the Baillie Gifford Client Relations Team (see contact details opposite).

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 a monthly commentary, recent portfolio information and performance targets. You can also find a brief history of Monks, an explanation of the effects of gearing and a flexible performance reporting tool.

Suggestions and Questions

Any suggestions on how communications with shareholders can be improved are welcome. Please contact the Baillie Gifford Client Relations Team (see contact details opposite) and give them your suggestions. They will also be very happy to answer questions that you may have, either about Monks or the plans described on page 52.

Literature in Alternative Formats

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

Client Relations Team Contact Details

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

Telephone: 0800 027 0133
Your call may be recorded for training or monitoring purposes.

E-mail: trustenquiries@bailliegifford.com
Website: www.bailliegifford.com
Fax: 0131 275 3955

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

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

Directors

Chairman:
JGD Ferguson

CC Ferguson
EM Harley
DCP McDougall

Registered Office

Computershare
Investor Services PLC
2nd Floor
Vintners' Place
68 Upper Thames Street
London EC4V 3BJ

Registrar

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

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
Erskine House
PO Box 90
68–73 Queen Street
Edinburgh EH2 4NH

Company registration No. 236964

Managers and Secretaries

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