THE MONKS INVESTMENT TRUST PLC

Annual Report and Financial Statements
30 April 2014

Contents

Notes

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

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

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

Monks Ordinary Shares are excluded from the FCA's restrictions that apply to non-mainstream investment products because they are shares in an investment trust.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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

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 Business Review on page 6.

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 and the deputy manager is Tom Walsh. Further details regarding Baillie Gifford & Co, Gerald Smith and Tom Walsh are given on page 19. 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 227,887,859 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 £40 million (nominal value) of debenture stock.

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 55 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 Conduct Authority.

Strategic Report

This Strategic Report, which includes pages 2 to 18 and incorporates the Chairman's Statement has been prepared in accordance with the Companies Act 2006. This report is a new requirement and contains many of the disclosures previously contained within the Business Review section of the Directors' Report.

Chairman's Statement

Performance

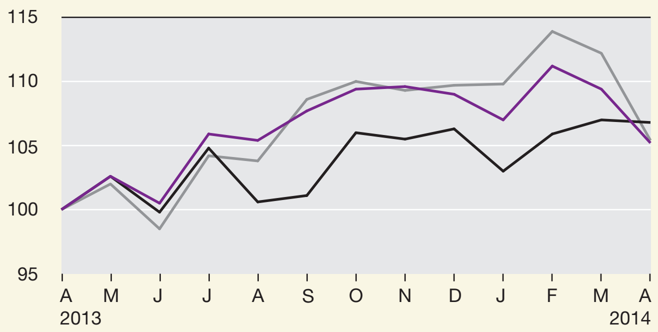
In the year to 30 April 2014 the net asset value total return, with borrowings at fair value, was 5.2% and the share price total return was 5.4%. Over the same period the total return for the FTSE World Index was 6.8%. During the second half of the Company's year the net asset value per share reached a record month-end high at the end of February 2014 but performance deteriorated from this point as growth stocks suffered a setback. As can be seen from the graph below, performance was well ahead of the comparative index until the last two months of the Company's year.

Last year the Board and the Managers undertook a thorough review of the causes of performance in recent years and actions were taken to address these, including the strengthening of the team managing the portfolio with the appointment of Tom Walsh as deputy manager alongside Gerald Smith. The success of these steps cannot be evaluated over a period as short as a year, given the Company's objective of capital appreciation over the long term, but there have been encouraging signs of an improvement in trend, notwithstanding the influence of some extreme share price moves in the last two months of the period.

The Managers' Portfolio Review on pages 8 to 10 contains more detail on the individual investments that made the greatest positive and negative contributions to performance as well as descriptions of the ten largest holdings.

Total Return Performance

(figures rebased to 100 at 30 April 2013)



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

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

Earnings and Dividend

Earnings per share were 4.87p compared with 4.68p, an increase of 4.1%. The increase in earnings per share was a result of the reduced number of shares in issue. Income from fixed income investments was lower than in the previous year as a result of investment changes and this more than offset an increase in dividend income from the equity holdings and a reduction in finance costs. 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, unchanged from the previous year.

Investment Activity

Over the course of the year there was a net disinvestment of £91.1m comprising £85.4m in net sales of equities and £5.7m in net sales of bonds. There were net purchases of equities in Europe and Australasia and net sales in all other regions. The proceeds of these sales were mainly used to repay debt and repurchase shares for cancellation. A £40m three year loan was repaid on maturity at the end of February.

The level of gearing is managed in various ways, including through the use of exchange-traded derivative contracts and adjustments to the level of borrowings and cash. At the start of the year the effective gearing, taking into account futures and options positions, was 1% of shareholders' funds. Effective gearing has been maintained at close to 0% throughout the year. At the end of April the remaining debt was offset by cash and a single put option position on the index of Chinese companies listed in Hong Kong resulting in year end effective gearing of -1%.

Buybacks and Discount

During the year to 30 April 2014 £44.1m was spent on the repurchase of 12.4m shares, representing 5.2% of the shares in issue at the start of the year. Since the power to buy back shares was first granted in 1999, 160m shares have been bought back and cancelled, representing 41% of the share capital at the start of that period. The Board will continue to buy back shares if suitable opportunities appear.

The discount (at fair value) of 13.0% is unchanged from the previous year end. 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.

Past performance is not a guide to future performance.

Outlook

The period since what has become known as the Global Financial Crisis has been in many ways an abnormal one owing to the novelty of the policy responses. This has involved reducing interest rates to extremely low levels. For example, the Bank of England's policy rate is the lowest since it was founded in 1694. It has also involved the direct intervention of central banks in financial markets through the purchase of government bonds and various forms of asset-backed securities. There have been more conventional Keynesian style attempts to stimulate demand through government spending in some countries while other countries have adopted austerity programmes in an effort to rein in explosive growth in government debt. The United States has even managed to do both, initially combining pump priming at the Federal level with severe austerity at the State and municipal level and then cutting spending at the Federal level as a result of political deadlock.

The net result of these various actions has been extremely beneficial for the holders of most forms of financial assets, including shares, government and corporate bonds and property as well as for the value of substitutes such as fine art and other collectables. The more important benefit is probably harder to see, namely what the aggressive action of central banks, and to a lesser extent governments, prevented from happening. Were it not for these various interventions we could have been tipped into a vicious downwards spiral of the sort experienced in the 1930s. This at least is the argument advanced by those responsible for decisions that have punished prudent savers depending on income from deposit accounts or forced to buy unattractive annuities in order to bail out imprudent borrowers and lenders. With some signs of a return to more normal conditions emerging in a number of countries, most notably the United States, it appears to be only a matter of time before interest rates start to revert to more normal levels and the direct intervention in financial markets comes to an end. While this may promise some relief for small savers and pensioners, it raises a question about the future direction of financial asset prices that have been boosted by the abnormal policies in place over the last five years.

With this shadow hanging over markets it does not seem prudent to borrow money to invest in equities, especially as valuations are on some measures at the upper end of historic ranges. The alternatives to equity investment, however, tend to look much worse in terms of high valuations and consequent low expected future returns. The owners of equity in companies may rank last after the lenders have been paid what is due to them, but they also get to participate in the growth of cash flows whereas lenders are currently being promised very little for the use of their money and the risk of not getting all of it back. The return to normality may be delayed by the need to combat the risk of deflation taking hold in the Eurozone and by the acceleration of asset purchases by the Bank of Japan. The US Federal Reserve and the Bank of England have also indicated that they expect to move very gradually. It is therefore difficult to make a strong case for holding a large amount of cash at present and as a result we remain more or less fully invested, but not geared, with almost all of our investments in shares.

Our portfolio is diversified across a range of different types of shares, but is biased away from the very largest companies at present. This is a time of rapid change, when traditional business models face increased risk of disruption from new entrants, often making better use of the possibilities created by the internet, and our managers believe that there are better growth prospects among the disrupters than are generally to be found among the incumbents. In the short term, the share prices of the newer entrants tend to be more volatile, making returns on an annual basis less predictable, but the long run return should be better.

AIFMD

As mentioned last year, the Company is required to comply with the EU Alternative Investment Fund Managers Directive (AIFMD). The Directive requires the Company to appoint an Alternative Investment Fund Manager (AIFM) which will be responsible for portfolio and risk management and will be regulated under the Directive. The Board has agreed to appoint Baillie Gifford & Co Limited, a wholly owned subsidiary of the Baillie Gifford & Co partnership, as the AIFM with effect from 1 July 2014. The Directive also requires the Company to appoint a Depositary and the Board has agreed to appoint Bank of New York Mellon to fulfil this function.

The Board

Mr Karl Sternberg joined the Board on 1 July 2013 and was elected at the AGM on 2 August 2013. He has brought extensive and relevant investment experience to the Board. We expect to appoint an additional director in the first half of this financial year.

AGM

I hope shareholders will come to the Annual General Meeting, which will be held on 5 August 2014 at 11.00am at the Institute of Directors (see map on page 51). Our managers will give a short presentation and there will be an opportunity to ask questions.

James Ferguson
17 June 2014

Year's Summary

	30 April 2014	30 April 2013	% change
Total assets (before deduction of borrowings)	£1,012.6m	£1,065.9m	
Borrowings	£39.7m	£79.7m	
Shareholders' funds	£972.9m	£986.2m	
Net asset value per ordinary share (after deducting borrowings at fair value)	425.2p	408.1p	4.2
Net asset value per ordinary share (after deducting borrowings at par)	426.8p	410.2p	4.0
Share price	370.0p	355.0p	4.2
FTSE World Index (in sterling terms)			4.2
Revenue earnings per ordinary share	4.87p	4.68p	4.1
Dividends paid and payable in respect of the financial year	3.95p	3.95p	–
Ongoing charges	0.57%	0.60%	
Discount (after deducting borrowings at fair value)	13.0%	13.0%	
Discount (after deducting borrowings at par)	13.3%	13.5%	

	2014	2013
Total return performance		
Net asset value (after deducting borrowings at fair value)	5.2%	7.8%
Net asset value (after deducting borrowings at par)	5.0%	7.3%
Share price	5.4%	6.2%
FTSE World Index (in sterling terms)	6.8%	21.4%

	2014	2014	2013	2013
Year's high and low	**High**	**Low**	**High**	**Low**
Net asset value (after deducting borrowings at fair value)	455.3p	392.9p	421.5p	350.7p
Net asset value (after deducting borrowings at par)	457.0p	394.0p	423.3p	354.4p
Share price	404.9p	335.5p	358.5p	300.0p

During the year to 30 April 2014 the discount (borrowings at fair value) ranged from 9.0% to 15.9% (year to 30 April 2013: 9.9% to 15.9%).

	30 April 2014	30 April 2013
Net return per ordinary share		
Revenue	4.87p	4.68p
Capital	12.49p	18.72p
Total return	**17.36p**	**23.40p**

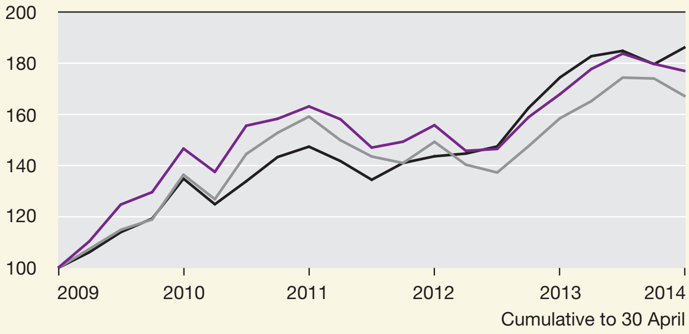
Past performance is not a guide to future performance.

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 2014.

5 Year Total Return Performance

(figures rebased to 100 at 30 April 2009)



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

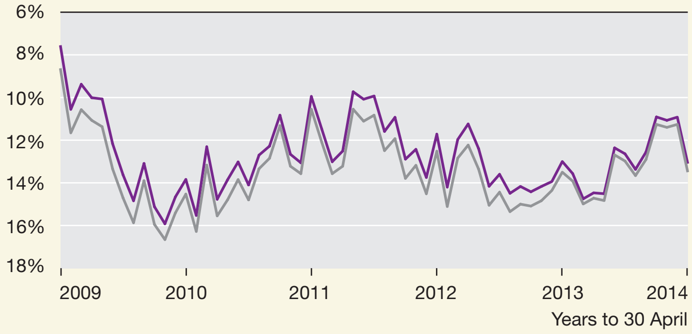
NAV (fair) total return

Share price total return

FTSE World Index total return

Discount to Net Asset Value

(plotted on a monthly basis)

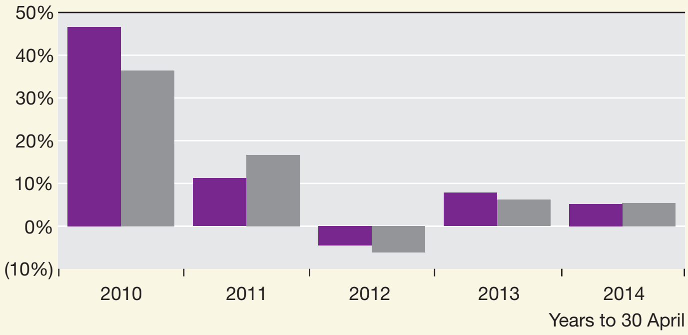


Source: Thomson Reuters Datastream/Baillie Gifford & Co.

Monks discount (after deducting borrowings at fair value)

Monks discount (after deducting borrowings at par)

Annual Net Asset Value and Share Price Total Returns

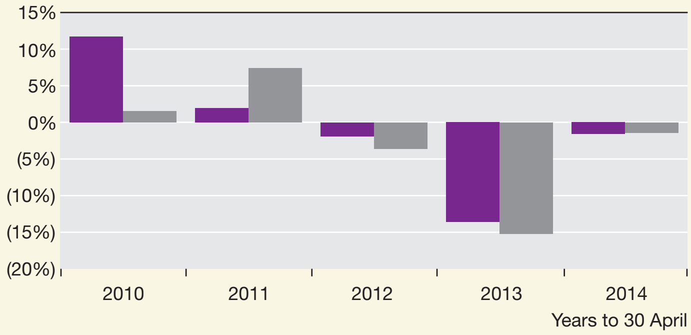


Source: Thomson Reuters Datastream/Baillie Gifford & Co. Dividends are reinvested.

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.

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. The Company has been approved as an investment trust by HM Revenue and Customs subject to the Company continuing to meet the eligibility conditions. The Company intends to conduct its affairs so as to enable it to comply with the ongoing requirements.

Objective and Policy

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

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 may be relatively concentrated for a global fund and, as at the financial year end, it contained 88 equity holdings including 9 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 8 to 10 and the investments held at the year end are listed on pages 14 to 17.

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.

Key Performance Indicators

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

- the movement in net asset value per ordinary share on a total return basis;
- the movement in the share price on a total return basis;
- the discount; and
- ongoing charges.

The one, five and ten year records of the KPIs are shown on pages 4, 5 and 18. In addition to the above, the Board also considers peer group comparative performance.

Principal Risks

As explained on page 21 there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. The principal risks associated with the Company are as follows:

Market Risk – 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 21 to the financial statements on pages 45 to 50.

Regulatory Risk – failure to comply with applicable legal and regulatory requirements such as the tax rules for investment companies, the UKLA Listing Rules and the Companies Act could lead to the Company being subject to tax on capital gains, suspension of the Company's Stock Exchange Listing, financial penalties or a qualified audit report. Baillie Gifford's Internal Audit and Compliance Departments provide regular reports to the Audit Committee on Baillie Gifford's monitoring programmes.

Major regulatory change could impose disproportionate compliance burdens on the Company. In such circumstances representation is made to ensure that the special circumstances of investment trusts are recognised.

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.

Political Risk – although Monks is an English Company, the Board is aware that the Scottish Referendum Vote introduces elements of political uncertainty which may have practical consequences; developments will be monitored closely and considered by the Board and Managers. However, the Referendum is only one of a variety of political risks facing the Company which are considered by the Board on a regular basis.

Employees, Human Rights and Community Issues

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

Gender Representation

The Board comprises five Directors, four male and one female. The Company has no employees. The Board's policy on diversity is set out on page 20.

Environmental, Social and Governance Policy

Details of the Company's policy on socially responsible investment can be found under Corporate Governance and Stewardship on page 23.

The Strategic Report which includes pages 2 to 18 was approved by the Board of Directors and signed on its behalf on 17 June 2014.

JGD Ferguson
Chairman

Managers' Portfolio Review

To end the year with a total return of 5.2% compared to the 6.8% total return on the FTSE World Index was undoubtedly disappointing, especially given the position as recently as the end of February 2014 when year to date the net asset per share total return was in double digits and more than five percentage points ahead of the comparative index. Over the last two months of the year there was a sharp reversal of fortune, exaggerated by the share price volatility of a number of our holdings and the very significant differences between the portfolio and composition of the comparative index.

The short-term behaviour of markets is almost impossible to predict and frequently hard to explain. We have no better explanation for the curious movements of share prices over this period other than there was a change in sentiment towards the shares of rapidly growing companies. Over the longer term, returns depend more on the cash flows generated by the underlying businesses. We have confidence that in aggregate the businesses making up the Company's portfolio are well placed to deliver better than average growth in sales, earnings and cash flow with lower than average use of debt and that this will be reflected in returns to shareholders over the long run.

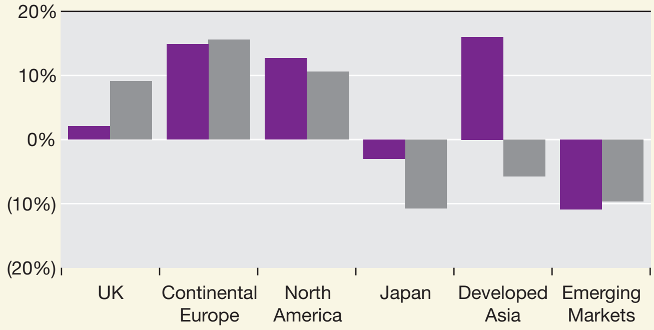
Over the course of the year our purchases and sales have altered the balance of the portfolio away from Emerging Markets and towards the United States. This has been an incremental change based on a combination of finding interesting opportunities in the American market and increasing headwinds for companies operating in a number of Emerging Markets arising from a poor mix of macroeconomic policies. It does not represent a change in our long-held view that there are greater longer-term growth opportunities in the most rapidly growing economies and the balance may well shift back the other way before long. Another long-standing bias has been the almost complete absence of banks from the portfolio. This remains the case. We also continue to prefer the providers of services to the oil and gas industry to the major integrated oil and gas companies, but we have trimmed back positions in service companies a little during the course of the year.

In the paragraphs that follow we describe the five largest positive and five largest negative contributors to absolute performance over the full year. A number of the holdings that fell the most during March and April, Alnylam Pharmaceuticals, Sky Deutschland and Xero, also appear on the list of top positive contributors over the full year as the sharp falls in the final two months of the year only partly reversed earlier more substantial gains.

Returns from Markets

for the year ended 30 April 2014

Geographical performance* against FTSE World Index in sterling terms



Source: Baillie Gifford & Co.

Monks portfolio

FTSE World Index

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

Largest Positive Contributors to Performance

Sky Deutschland

Sky Deutschland is a provider of pay television services to the German market. Majority owned by US media conglomerate, 21st Century Fox, the business was acquired from private equity owners in 2008 after several difficult years. It was rebranded as Sky Deutschland in 2009 and since that time has worked hard to replicate the success its sister business, BSkyB, has enjoyed in the UK market. We have been encouraged by the evidence of progress suggested by various of the business's key operating metrics and believe we could be approaching the point at which years of investment start to convert into meaningful profit growth.

Alnylam Pharmaceuticals

Alnylam Pharmaceuticals is developing a new class of innovative medicines based on a breakthrough discovery in biology known as RNA interference, or RNAi. This approach attempts to treat genetically defined diseases by addressing the behaviour of the defective genes that cause the disorder. The last year has seen a number of positive clinical developments moving potential drugs closer to final approval and in January 2014 the company secured a $700m equity investment from Sanofi, the French pharmaceutical manufacturer. This investment has strengthened Alnylam's balance sheet and provides some external validation of its technology platform.

Facebook

Facebook is the world's largest internet social network, with over 1 billion monthly active users. Despite its dominant market position the site has continued to grow strongly over the last year, further increasing its user base and engagement levels even in relatively mature markets such as the US and more rapidly across Asia and the Emerging Markets. The company has also enjoyed considerable success in migrating its user base away from desktop computers and towards the faster growing mobile computing segment. Facebook already generates considerable revenue and profit but we believe it remains relatively early in the process of maximising the earnings potential that its unparalleled customer data set offers.

Zillow

Zillow operates a real estate website offering the aggregation of US property listings for the consumer (as seller and buyer) and advertising and lead generation for real estate brokers. Although the independent real estate aggregator model is quite well established in some markets around the world, it remains in its early stages in the USA with a handful of operators still vying to become the dominant player. Zillow is emerging as a potential winner of this battle. While the peculiarities of the US real estate industry may mean the online aggregators do not consolidate in quite the same way as has been the case in countries like the UK and France, the scale of the total US opportunity looks to be far larger, suggesting substantial revenue and profit growth potential ahead

Xero Ltd

Xero is a provider of "cloud-based" accounting software for small businesses and independent traders. Small business accounting software has for a long time proved to be an extremely profitable

Past performance is not a guide to future performance.

business for those that provide it but has traditionally been based on purchasing software on a disk and installing it on a desk based computer. Xero's internet based product offers a user friendly option for those that need it. Although early in its development, the company is showing encouraging signs of penetrating markets dominated by more traditional incumbents.

Largest Negative Contributors to Performance

Nanoco Group

Nanoco is a manufacturer of tiny semi-conductor crystals, known as "quantum dots", which have the potential for widespread application in television displays, LED lighting and solar panels as well as many other areas. The company's greatest distinction comes from its patented method for manufacturing these crystals in volume but without the use of the toxic metal cadmium. Early last year the company signed a licensing agreement with Dow Electronic Materials under which Dow will build a facility in South Korea to produce quantum dots using Nanoco's patented process. We believe the prospects for more widespread adoption of quantum dots remain good however delays to Dow facility mean it will not now open until early 2015 at the earliest. Given Nanoco's immaturity and lack of alternative cash generation this delay has had a material impact on the share price though it remains a holding given the huge opportunity that still lies ahead.

Kunlun Energy

Kunlun Energy is a Chinese oil and gas company with particular exposure to the development of the Chinese natural gas market through its collection of pipelines, liquefied natural gas terminals, processing plants and natural gas vehicle re-fuelling stations. The company has benefited for many years from its close relationship with Petrochina and the Chinese state oil company CNPC. We sold the holding during the year following the sudden resignation of the company's Chairman amid allegations of corruption involving senior members of the management team at Kunlun Energy and Petrochina.

Imagination Technologies

Imagination Technologies specialises in the design of semiconductor chips used for the processing of graphics on electronic products such as smartphones, tablet computers and gaming devices. The company does not manufacture the chips itself, but licenses its intellectual property to third parties who then integrate it into their own unique designs. The company has endured a difficult period of late, with growing competitive pressure in its core markets the most likely explanation for slower than expected sales and profit progression. The holding was sold during the year.

Ocwen Financial

Ocwen Financial is a US mortgage servicing company acting on behalf of the loan owner to collect interest and capital repayments from mortgagees. It is the largest specialist servicer in the US, having invested heavily in a proprietary technology platform that has resulted in industry leading cost efficiency, loan modification and re-default performance. Whilst the mortgage servicing business has continued to trade well, the expected growth opportunity offered by the acquisition of new loan servicing rights has been curtailed, for now at least, by the New York regulator indefinitely suspending the agreed purchase of a $39bn mortgage servicing rights portfolio from Wells Fargo. It remains a holding as many of the factors driving growth in specialist mortgage servicing remain in place but the position is being kept under review.

Westport Innovations

Westport Innovations is a designer and manufacturer of natural gas combustion engines and associated components, including storage systems. Whilst the use of natural gas in vehicles traditionally powered by petrol or diesel combustion engines looks likely to rise materially from current levels, it has become unclear whether Westport's engine technology will be the long term solution for this market and whether its complex operating structure will allow it to generate attractive returns for its shareholders. The holding was sold during the year.

Top Ten Holdings at 30 April 2014

The ten largest holdings in the portfolio are described below. Together they make up 20.3% of gross assets. Holding sizes are relatively evenly distributed across the portfolio and future performance is not solely dependent on the fortunes of these ten investments but the Managers believe that these ten represent particularly attractive long-term investment opportunities.

IP Group

IP Group specialises in the development and commercialisation of ideas and innovations generated within the university sector. The company has exclusive arrangements with a number of the UK's leading research-intensive universities. These long-term partnerships provide IP Group with preferential access to the brightest and best new ideas but also benefit the universities and academics by providing them with access to the financial, technical and organisational help that is so essential in converting early stage innovations into real world commercial opportunities. The company has had a busy year, bringing a number of portfolio businesses to market, acquiring one of its UK based peers and venturing into North America for the first time through pilot commercialisation agreements with three universities.

Harley-Davidson

Harley-Davidson is a manufacturer of heavy motorcycles. The company has been dominant in its US market niche for many years but suffered through the economic downturn in 2008/09; as sales volumes dropped dramatically it struggled with a relatively inflexible cost base and poor inventory control. A new management team arrived in 2009 and has worked hard to restructure the manufacturing base and inventory management. Margins have recovered substantially but volumes remain well below their 2006 peak, suggesting material upside to profits as consumer spending starts to recover in the US and overseas.

Sky Deutschland

See largest positive contributors section above.

Seek

Seek operates an online job board covering both temporary and permanent roles, predominantly in the white collar sector. It dominates its core markets of Australia and New Zealand but also has leading positions in China and a number of other South East Asian countries as well as in Brazil. Whilst its core markets may now be relatively mature, the strength of Seek's position should support attractive returns for some time to come, providing funding to further strengthen its position in emerging markets, where the long term growth potential looks enormous.

Enquest
Enquest is an oil and gas exploration and production company focused predominantly on the UK North Sea. The company specialises in acquiring mature fields where production volumes have been declining but where the application of new capital and the latest technology can improve recovery rates materially. As a smaller operator, it benefits from its size as these incremental improvements are often too small to be material at the group level for larger oil majors. We believe Enquest is well-positioned to benefit from a steady stream of available assets as these larger players depart mature and heavily exploited areas, like the North Sea, and with a high level of share ownership amongst senior management we believe they are well incentivised to invest for long term value creation.

Taiwan Semiconductor Manufacturing Co (TSMC)
TSMC is the world's largest semiconductor foundry. As semiconductor manufacture has become more complex and capital intensive, TSMC has benefited from the trend amongst chip designers to outsource the manufacturing process. Through a process of steady investment and strong operational execution the company has grown to be multiples of the size of its nearest competitor, positioning it to reap a disproportionate amount of industry profits for many years to come.

Fuchs Petrolub
Fuchs Petrolub is the world's largest independent lubricant supplier with a particular focus on specialist lubricants, where it is the market leader. Although specialist lubricants is a far smaller market than commodity lubricants, where large integrated oil companies tend to dominate, Fuchs has enjoyed steady growth over the last decade in volumes and pricing. As it has grown, it has strengthened its advantage over smaller independent competitors whilst tightening relationships with major customers. Although growth is unlikely to be extremely rapid, we think the combination of a strong competitive position and steady underlying growth in demand for specialist lubricants places the company in a strong position for long term profit growth.

IG Group
IG Group is a leading provider of financial spread betting products and contracts for difference, predominantly sold to retail customers. The company has particular strength in the UK and Australian markets, where it is the clear number one player. Although these markets appear relatively mature, the company's steady investment in technology should enable them to sustain their lead whilst generating cash that can be invested in faster growing but less mature markets.

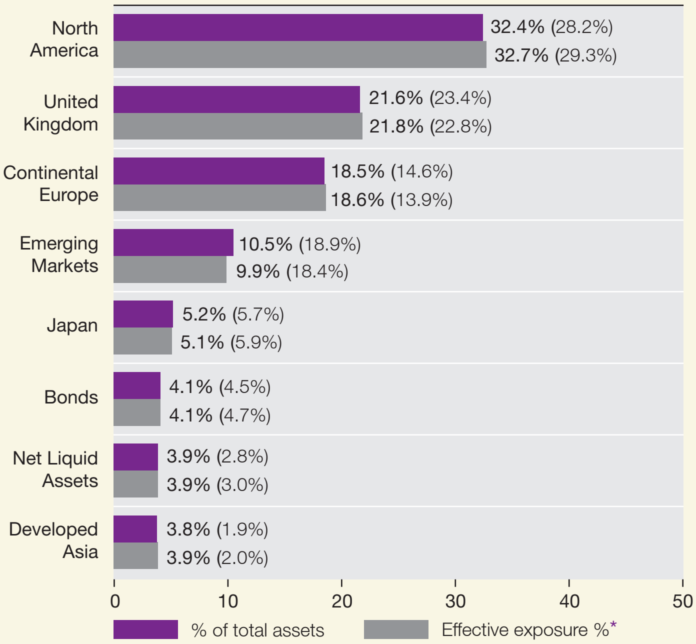
Kone
Kone is one of the world's leading lift and elevator manufacturers, operating in a global market that has grown strongly over the last decade but which remains dominated by just a few companies. The lift industry has proved remarkably resilient over the years, benefiting from relatively high barriers to entry for new competitors, rational behaviour from existing players and the high proportion of profits derived from maintenance contracts rather than initial installations. This resilience has been reflected in Kone's results, even as global economic growth has faltered. With the company now well established in key emerging markets, we see potential for many more years of growth, with profitability aided by the shift in its revenue base towards maintenance contracts as recent installations mature.

Samsung Electronics
Samsung Electronics is a vertically integrated consumer electronics company with leading positions in various end markets including smartphones and flat-screen televisions. A willingness to invest heavily for the long term has enabled Samsung to build dominant market shares in areas where scale economies enable the number one player to extract the lion's share of industry profits. Although the business is inherently cyclical we believe the company's dominance in its core markets should enable it to generate attractive returns over the cycle whilst providing surplus cash to invest into new areas where it sees potential to disrupt incumbents and capture market share.

Gerald Smith
Baillie Gifford & Co

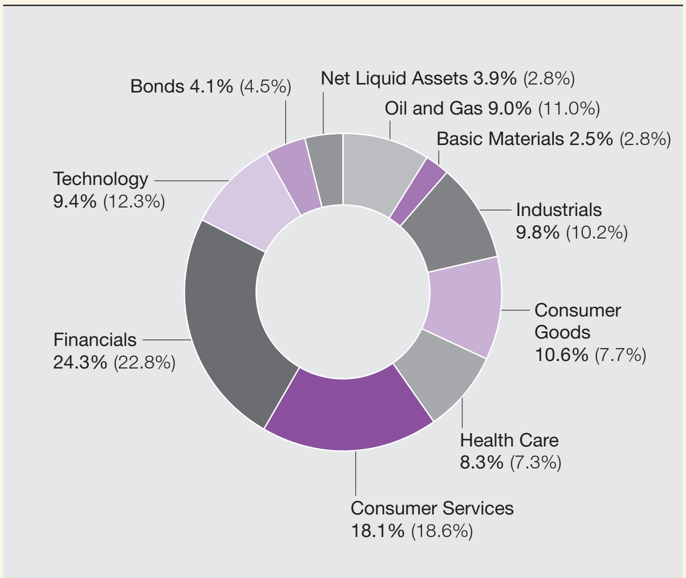
Distribution of Portfolio as at 30 April

Geographical 2014 (2013)



* The effective exposure takes into account the exposure of derivative holdings which may differ substantially from their market value. The Company's derivative holdings are set out in note 21 on pages 49 and 50.

Sector 2014 (2013)



Investment Changes

	Valuation at 30 April 2013 £'000	Net acquisitions/ (disposals) £'000	Appreciation/ (depreciation) £'000	Valuation at 30 April 2014 £'000
Equities:				
United Kingdom	248,827	(27,645)	(1,792)	219,390
Continental Europe	155,434	19,754	12,284	187,472
North America	300,504	(9,588)	37,819	328,735
Japan	60,876	(8,103)	(1,415)	51,358
Developed Asia	20,699	11,572	6,947	39,218
Emerging Markets	201,092	(71,434)	(23,722)	105,936
Total equities	**987,432**	**(85,444)**	**30,121**	**932,109**
Bonds†:				
Sterling bonds	11,082	332	(2,349)	9,065
Euro bonds	6,745	224	3,032	10,001
US dollar bonds	30,509	(5,286)	(2,839)	22,384
Total bonds	**48,336**	**(4,730)**	**(2,156)**	**41,450**
Total investments	**1,035,768**	**(90,174)**	**27,965**	**973,559**
Net liquid assets	30,138	8,227	684	39,049
Total assets	**1,065,906**	**(81,947)**	**28,649**	**1,012,608**

The figures above for total assets are made up of total net assets before deduction of borrowings.
† Bonds include a sterling swap rate linked note (for further details see note 21 on page 47).

Thirty Largest Equity Holdings

Name	Region	Business	2014 Value £'000	2014 % of total assets	2013 Value £'000
IP Group	United Kingdom	Intellectual property commercialisation	36,487	3.6	40,774
Harley-Davidson	North America	Motorcycle manufacturer	22,720	2.2	14,789
Sky Deutschland	Continental Europe	German pay television services	22,491	2.2	21,202
Seek	Developed Asia	Online recruitment	19,570	1.9	20,699
Enquest	United Kingdom	Oil and gas exploration and production	18,784	1.9	5,584
Taiwan Semiconductor Manufacturing Co	Emerging Markets	Semiconductor manufacturer	18,333	1.8	14,561
Fuchs Petrolub	Continental Europe	Speciality industrial and automotive lubricants	17,921	1.8	17,982
IG Group	United Kingdom	Spread betting	17,696	1.7	12,885
Kone	Continental Europe	Elevator manufacture and servicing	16,343	1.6	20,213
Samsung Electronics	Emerging Markets	Consumer and industrial electronic equipment	16,104	1.6	20,494
First Republic Bank	North America	Banking	15,986	1.6	14,302
TripAdvisor	North America	Online travel review platform	15,664	1.6	11,824
Seadrill	Continental Europe	Offshore drilling services	15,123	1.5	22,091
Go-Ahead Group	United Kingdom	Bus and rail operator	15,115	1.5	10,501
Novozymes	Continental Europe	Enzyme manufacturer	14,974	1.5	14,360
Visa Inc – Class A Shares	North America	Global electronic payments network and related services	14,535	1.4	12,114
Kraft Foods Group	North America	Food and beverages manufacturer	14,231	1.4	–
Nanoco Group	United Kingdom	Quantum dot manufacturer	14,203	1.4	22,963
The Priceline Group Inc	North America	Online travel agent	14,203	1.4	11,009
TJX Companies	North America	Apparel and home fashion retailer	13,999	1.4	14,161
Burger King Worldwide	North America	Fast food restaurants	13,683	1.4	10,240
Martin Marietta Materials	North America	Cement and aggregates producer	13,449	1.3	–
Novo Nordisk	Continental Europe	Pharmaceutical company	13,168	1.3	–
Coloplast B	Continental Europe	Manufacturer of medical consumable products	12,912	1.3	–
Zillow	North America	Online real estate services	12,701	1.3	–
Alnylam Pharmaceuticals	North America	Biotechnology – RNA interference	12,608	1.2	9,750
Seattle Genetics	North America	Biotechnology – antibody drug conjugates	12,543	1.2	17,423
Renishaw	United Kingdom	Measurement and calibration equipment	12,299	1.2	11,101
Shimano	Japan	Bicycle and fishing equipment manufacturer	11,738	1.2	11,090
North Atlantic Drilling	Continental Europe	Offshore drilling services	11,691	1.1	9,884
			481,274	**47.5**	**391,996**

Classification of Investments

Classification Equities:	UK %	Continental Europe %	North America %	Japan %	Developed Asia %	Emerging Markets %	2014 Total %	2013 Total %
Oil and gas producers	3.2	–	–	–	–	1.0	4.2	5.7
Oil equipment, services and distribution	1.1	2.6	1.1	–	–	–	4.8	5.3
Oil and Gas	**4.3**	**2.6**	**1.1**	**–**	**–**	**1.0**	**9.0**	**11.0**
Chemicals	–	1.8	–	–	–	–	1.8	1.9
Mining	–	–	0.6	–	–	0.1	0.7	0.9
Basic Materials	**–**	**1.8**	**0.6**	**–**	**–**	**0.1**	**2.5**	**2.8**
Construction and materials	–	1.1	1.3	–	–	–	2.4	–
Aerospace and defense	–	1.1	–	–	–	–	1.1	1.3
General industrials	–	–	–	–	–	–	–	0.7
Electronic and electrical equipment	1.7	–	–	–	–	–	1.7	1.8
Industrial engineering	–	1.6	–	–	–	–	1.6	2.7
Industrial transportation	0.2	0.9	–	–	–	–	1.1	0.8
Support services	–	–	–	–	1.9	–	1.9	2.9
Industrials	**1.9**	**4.7**	**1.3**	**–**	**1.9**	**–**	**9.8**	**10.2**
Automobiles and parts	–	–	2.2	–	–	–	2.2	1.4
Food producers	–	1.0	1.4	–	–	0.9	3.3	1.7
Household goods and home construction	–	–	0.8	–	–	–	0.8	0.6
Leisure goods	–	–	–	1.7	–	1.6	3.3	2.9
Personal goods	–	1.0	–	–	–	–	1.0	1.1
Consumer Goods	**–**	**2.0**	**4.4**	**1.7**	**–**	**2.5**	**10.6**	**7.7**
Health care equipment and services	–	1.3	–	–	–	–	1.3	1.5
Pharmaceuticals and biotechnology	1.0	2.8	3.2	–	–	–	7.0	5.8
Health Care	**1.0**	**4.1**	**3.2**	**–**	**–**	**–**	**8.3**	**7.3**
Food and drug retailers	–	–	–	–	–	–	–	1.0
General retailers	–	–	1.4	–	1.0	2.0	4.4	4.8
Media	–	2.2	1.2	1.0	–	0.9	5.3	5.4
Travel and leisure	1.5	–	6.3	–	–	0.6	8.4	7.4
Consumer Services	**1.5**	**2.2**	**8.9**	**1.0**	**1.0**	**3.5**	**18.1**	**18.6**
Banks	–	–	1.6	–	–	–	1.6	2.7
Nonlife insurance	1.3	–	1.1	–	–	–	2.4	2.0
Real estate investment and services	–	–	1.3	–	–	–	1.3	0.6
Real estate investment trusts	–	–	–	0.7	–	–	0.7	1.4
Financial services	5.8	–	6.1	–	–	–	11.9	7.0
Equity investment instruments	4.4	1.1	–	–	–	0.9	6.4	9.1
Financials	**11.5**	**1.1**	**10.1**	**0.7**	**–**	**0.9**	**24.3**	**22.8**
Software and computer services	–	–	2.1	0.7	0.9	0.7	4.4	6.1
Technology hardware and equipment	1.4	–	0.7	1.1	–	1.8	5.0	6.2
Technology	**1.4**	–	**2.8**	**1.8**	**0.9**	**2.5**	**9.4**	**12.3**
Total equities	**21.6**	**18.5**	**32.4**	**5.2**	**3.8**	**10.5**	**92.0**	
Total Equities – 2013	23.4	14.6	28.2	5.7	1.9	18.9		**92.7**
Bonds	**0.9**	**1.0**	**2.2**	**–**	**–**	**–**	**4.1**	**4.5**
Net Liquid Assets	**0.1**	**–**	**3.8**	**–**	**–**	**–**	**3.9**	**2.8**
Total Assets (before deduction of borrowings)	**22.6**	**19.5**	**38.4**	**5.2**	**3.8**	**10.5**	**100.0**	
Total Assets – 2013	24.2	15.3	34.0	5.7	1.9	18.9		**100.0**
Borrowings	**(3.9)**	**–**	**–**	**–**	**–**	**–**	**(3.9)**	**(7.5)**
Shareholders' Funds	**18.7**	**19.5**	**38.4**	**5.2**	**3.8**	**10.5**	**96.1**	**–**
Shareholders' Funds – 2013	16.7	15.3	34.0	5.7	1.9	18.9		**92.5**
Number of equity investments	**24**	**14**	**29**	**6**	**3**	**12**	**88**	**93**

List of Investments as at 30 April 2014

Classification	Name	Business	Fair value £'000	% of total assets
United Kingdom				
Oil and gas producers	Enquest	Oil and gas exploration and production	18,784	
	IGAS Energy	Oil and gas exploration and production	5,849	
	President Energy	Oil and gas exploration and production	6,642	
			31,275	**3.2**
Oil equipment, services and distribution	Petrofac	Oilfield services company	**11,189**	**1.1**
Chemicals	Halosource	Water purification products and systems	**242**	**–**
Electronic and electrical equipment	Renishaw	Measurement and calibration equipment	12,299	
	Xaar	Develops and manufactures ink jet printing technology	4,988	
			17,287	**1.7**
Industrial transportation	Ocean Wilsons Holdings	Brazilian marine transport	**1,959**	**0.2**
Pharmaceuticals and biotechnology	Genus	Agricultural Services	**10,030**	**1.0**
Travel and leisure	Go-Ahead Group	Bus and rail operator	**15,115**	**1.5**
Nonlife insurance	Amlin	Commercial insurer	7,820	
	Lancashire Holdings	Commercial insurer	4,908	
			12,728	**1.3**
Financial services	IG Group	Spread betting	17,696	
	IP Group	Intellectual property commercialisation	36,487	
	Man Group	Hedge fund manager	5,290	
	NBNK Investments	Shell company	449	
			59,922	**5.8**
Equity investment instruments	Altus Resource Capital	Mining investment fund	2,904	
	Better Capital Ltd	UK distressed company turnaround fund	5,308	
	Burford Capital	Litigation financing	7,565	
	Damille Investments II	Closed-ended investment company	3,072	
	Doric Nimrod Air One	Aircraft leasing	6,294	
	Doric Nimrod Air Two	Aircraft leasing	9,818	
	Juridica Investments	Litigation financing	10,479	
			45,440	**4.4**
Technology hardware and equipment	Nanoco Group	Quantum dot manufacturer	**14,203**	**1.4**
Total United Kingdom Equities			**219,390**	**21.6**
Continental Europe				
Oil equipment, services and distribution	North Atlantic Drilling	Offshore drilling services – Norway	11,691	
	Seadrill	Offshore drilling services – Norway	15,123	
			26,814	**2.6**
Chemicals	Fuchs Petrolub	Speciality industrial and automotive lubricants – Germany	**17,921**	**1.8**
Construction and materials	Geberit	Manufacturer of high-end plumbing products – Switzerland	**11,620**	**1.1**
Aerospace and defense	Zodiac Aerospace	Manufacturer of aeronautical and aerospace equipment – France	**10,817**	**1.1**
Industrial engineering	Kone	Elevator manufacture and servicing – Finland	**16,343**	**1.6**
Industrial transportation	Frontline 2012*	Shipping company – Norway	**9,121**	**0.9**
Food producers	Marine Harvest	Fish farming – Norway	**9,817**	**1.0**
Personal goods	Richemont	Luxury goods – Switzerland	**10,518**	**1.0**
Health care equipment and services	Coloplast B	Manufacturer of medical consumable products – Denmark	**12,912**	**1.3**

* Denotes an unlisted security quoted on the Norwegian OTC market.

Classification	Name	Business	Fair value £'000	% of total assets
Continental Europe (continued)				
Pharmaceuticals and biotechnology	Novo Nordisk	Pharmaceutical company – Denmark	13,168	
	Novozymes	Enzyme manufacturer – Denmark	14,974	
			28,142	**2.8**
Media	Sky Deutschland	German pay television services – Germany	**22,491**	**2.2**
Equity investment instruments	Reinet Investments Sca	Rupert family holding company – Luxembourg	**10,956**	**1.1**
Total Continental European Equities			**187,472**	**18.5**
North America				
Oil equipment, services and distribution	National Oilwell Varco	Drilling equipment manufacturer	**11,252**	**1.1**
Mining	Silver Wheaton	Precious metal streaming – Canada	**6,413**	**0.6**
Construction and materials	Martin Marietta Materials	Cement and aggregates producer	**13,449**	**1.3**
Automobiles and parts	Harley-Davidson	Motorcycle manufacturer	**22,720**	**2.2**
Food producers	Kraft Foods Group	Food and beverages manufacturer	**14,231**	**1.4**
Household goods and home construction	iRobot	Domestic robots	**8,378**	**0.8**
Pharmaceuticals and biotechnology	Alnylam Pharmaceuticals	Biotechnology – RNA interference	12,608	
	Curis	Biotechnology – pathway inhibitors	3,352	
	Regeneron Pharmaceuticals	Biotechnology – antibody based drugs	5,129	
	Seattle Genetics	Biotechnology – antibody drug conjugates	12,543	
			33,632	**3.2**
General retailers	TJX Companies	Apparel and home fashion retailer	**13,999**	**1.4**
Media	IHS	Specialist statistics and analytics	**11,620**	**1.2**
Travel and leisure	Burger King Worldwide	Fast food restaurants	13,683	
	IMAX	Film and cinema equipment – Canada	8,786	
	McDonald's	Fast food restaurants	10,530	
	The Priceline Group Inc	Online travel agent	14,203	
	TripAdvisor	Online travel review platform	15,664	
			62,866	**6.3**
Banks	First Republic Bank	Banking	**15,986**	**1.6**
Nonlife insurance	Fairfax Financial Holdings	Financial services holding company – Canada	**11,364**	**1.1**
Real estate investment and services	Zillow	Online real estate services	**12,701**	**1.3**
Financial services	American Express	Global payment and travel company	10,859	
	Financial Engines	Investment advisory firm	8,808	
	Marketaxess Holdings	Electronic bond trading platform	9,297	
	Ocwen Financial	US mortgage servicing	7,035	
	TD Ameritrade	Online brokerage firm	11,477	
	Visa Inc – Class A Shares	Global electronic payments network and related services	14,535	
			62,011	**6.1**
Software and computer services	Facebook	Social networking website	10,219	
	Solera Holdings	Insurance software	10,626	
			20,845	**2.1**
Technology hardware and equipment	Stratasys	3D printer manufacturer	**7,268**	**0.7**
Total North American Equities			**328,735**	**32.4**

Classification	Name	Business	Fair value £'000	% of total assets
Japan				
Leisure goods	Nintendo	Gaming consoles and software	4,651	
	Shimano	Bicycle and fishing equipment manufacturer	11,738	
			16,389	**1.7**
Media	M3	Online medical database	**9,754**	**1.0**
Real estate investment trusts	Industrial & Infrastructure Fund	Real estate investment trust	**6,645**	**0.7**
Software and computer services	Digital Garage	Internet business incubator	**7,131**	**0.7**
Technology hardware and equipment	Tokyo Electron	Semiconductor production equipment	**11,439**	**1.1**
Total Japanese Equities			**51,358**	**5.2**
Developed Asia				
Support services	Seek	Online recruitment – Australia	**19,570**	**1.9**
General retailers	Trade Me	E-commerce platform – New Zealand	**10,439**	**1.0**
Software and computer services	Xero Ltd	Cloud-based accounting software – New Zealand	**9,209**	**0.9**
Total Developed Asian Equities			**39,218**	**3.8**
Emerging Markets				
Oil and gas producers	Dragon Oil	Oil and gas exploration and production – Turkmenistan	**10,578**	**1.0**
Mining	Ferro Alloy Resources†	Vanadium mining – Kazakhstan	**607**	**0.1**
Food producers	Ulker Biskuvi Sanayi	Biscuit and chocolate manufacturer – Turkey	**8,913**	**0.9**
Leisure goods	Samsung Electronics	Consumer and industrial electronic equipment – Korea	**16,104**	**1.6**
General retailers	MercadoLibre	E-commerce platform – Brazil	9,309	
	Sun Art Retail Group	Hypermarket operator – China	10,674	
			19,983	**2.0**
Media	Naspers	Media and e-commerce – South Africa	**9,325**	**0.9**
Travel and leisure	Jubilant Foodworks	Indian fast food chain – India	**5,741**	**0.6**
Equity investment instruments	H Share Put Option 8400 June 2015	Equity investment instruments – China	976	
	Silk Invest Africa Food Fund†	Africa focused private equity fund – Africa	8,212	
			9,188	**0.9**
Software and computer services	Yandex	Internet search and other services – Russia	**7,164**	**0.7**
Technology hardware and equipment	Taiwan Semiconductor Manufacturing Co	Semiconductor manufacturer – Taiwan	**18,333**	**1.8**
Total Emerging Markets Equities			**105,936**	**10.5**
Total Equity Investments			**932,109**	**92.0**

† Denotes an unlisted security.

Classification	Name	Fair value £'000	% of total assets
Bonds			
Sterling denominated	Credit Suisse 0% Swap Rate Linked Note 2017†	**9,065**	**0.9**
Euro denominated	Marfin 5% 2015 CV	1,954	
	Semper Finance FRN SLP 2015†	8,047	
		10,001	**1.0**
US dollar denominated	Athena Debt Opportunities Fund†	15,719	
	K1 Life Settlements 0% 2016†	2,690	
	Venezuela 11.75% 21/10/2026	3,975	
		22,384	**2.2**
Total Bonds		**41,450**	**4.1**
Total Investments		**973,559**	**96.1**
Net Liquid Assets		**39,049**	**3.9**
Total Assets At Fair Value		**1,012,608**	**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) %
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
2013	1,065,906	79,679	986,227	410.4	408.1	410.2	355.0	13.0	13.5
2014	**1,012,608**	**39,712**	**972,896**	**426.9**	**425.2**	**426.8**	**370.0**	**13.0**	**13.3**

Revenue

Year to 30 April	Gross revenue £'000	Available for ordinary shareholders £'000	Revenue earnings per ordinary share ‡ p	Dividend paid and proposed per share net p	Ongoing charges ¶ %
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	0.63
2013	22,983	11,778	4.68	3.95	0.60
2014	**21,585**	**11,181**	**4.87**	**3.95**	**0.57**

Gearing Ratios

Year to 30 April	Gearing §	Potential gearing ^
2004	11	13
2005#	4	12
2006	16	17
2007	5	15
2008	(2)	8
2009	(2)	12
2010	10	12
2011	10	15
2012	(7)	16
2013	1	8
2014	**(1)**	**4**

Cumulative Performance (taking 2004 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
2004	100	100	100	100	100	100	100	100	100
2005	107	108	107	107	101	104	170	162	103
2006	156	158	168	170	132	138	216	181	106
2007	165	167	174	177	138	148	383	300	111
2008	188	191	201	207	136	149	444	352	115
2009	124	127	137	143	108	122	683	571	114
2010	176	188	181	195	142	165	394	286	120
2011	196	208	210	228	151	180	398	286	126
2012	186	199	196	213	143	175	525	376	130
2013	197	213	205	227	169	213	459	376	134
2014	**205**	**224**	**214**	**239**	**176**	**227**	**477**	**376**	**137**

Compound annual returns

5 year	10.6%	12.1%	9.4%	10.8%	10.3%	13.3%	(6.9%)	(8.0%)	3.7%
10 year	7.5%	8.4%	7.9%	9.1%	5.8%	8.6%	16.9%	14.2%	3.2%

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

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

\# The 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 38).

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

§ The figures from 2011 onwards represent effective gearing (see Glossary of Terms on page 57). The figures for previous years represent total assets (including all debt used for investment purposes) less all cash and cash equivalents 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 & Income Trust plc, The Scottish Oriental Smaller Companies Trust Plc, The North American Income Trust PLC, Amati Global Investors Limited and Northern 3 VCT Plc. He is a director of The Independent Investment Trust PLC 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 chairman of BlackRock Greater Europe Investment Trust plc and Invesco Asia Trust plc and is a non-executive director and chairs the audit committee of Vernalis plc. She is a director of Standard Life UK Smaller Companies Trust PLC, the Chartered Accountants Compensation Scheme and is a former chairman of the Association of Investment Companies.

EM Harley

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

DCP McDougall

Douglas McDougall was appointed a Director in 1999 and is the Senior Independent Director. He is chairman of The Scottish Investment Trust 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.

KS Sternberg

Karl Sternberg was appointed a Director on 1 July 2013. He worked for Morgan Grenfell Asset Management (owned by Deutsche Bank) from 1992 to 2005 in a variety of roles, ultimately as the chief investment officer of Deutsche Asset Management Limited. He left that role to establish Oxford Investment Partners, an investment management company for a group of Oxford colleges, where he was chief executive officer until earlier this year. He is chairman of JPMorgan Income & Growth Investment Trust PLC and is a director of Island House Investments LLP, Lowland Investment Company PLC and Resolution Limited.

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

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 seven 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 £107 billion as at 13 June 2014. Based in Edinburgh, they are one of the leading privately owned investment management firms in the UK, with 40 partners and a staff of around 800.

The manager of Monks portfolio is Gerald Smith. Gerald is a partner of Baillie Gifford and as at 30 April 2014 had a beneficial interest in 980,472 shares in Monks. The deputy manager is Tom Walsh.

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

Directors' Report

The Directors present their Report together with the audited financial statements of the Company for the year to 30 April 2014.

Corporate Governance

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the 2012 UK Corporate Governance Code (the 'Code') which can be found at **www.frc.org.uk**, and the relevant principles of the Association of Investment Companies (AIC) Code of Corporate Governance were applied throughout the financial year. The AIC Code provides a framework of best practice for investment companies and can be found at **www.theaic.co.uk**.

Compliance

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

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

— Mr JGD Ferguson, Chairman of the Board, is Chairman of the Audit Committee. 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; and

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

The Board

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

The Board currently comprises five Directors all of whom are non-executive. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibility for investment management has been delegated to the Company's 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 19.

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

Appointments to the Board

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

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

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

The Board expects to appoint an additional director in the first half of this financial year.

Independence of Directors

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

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

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

Meetings

There is an annual cycle of Board meetings which is designed to address, in a systematic way, overall strategy, review of investment policy, investment performance, marketing, revenue budgets, dividend policy and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The table on page 21 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

	Board	Audit Committee
Number of meetings	**6**	**2**
JGD Ferguson	6	2
CC Ferguson	6	2
EM Harley	6	2
DCP McDougall	6	1 *
KS Sternberg	5 †	1 †

* Mr DCP McDougall stood down from the Audit Committee on 14 October 2013.

† Mr KS Sternberg attended all the meetings subsequent to his appointment on 1 July 2013

Performance Evaluation

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

The Board is of the opinion that the use of external consultants to assist with the evaluation is unlikely to bring any meaningful benefit to the process, though the option to do so is kept under review.

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

Induction and Training

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

Remuneration

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

Internal Controls and Risk Management

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

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with 'Internal Control: Revised Guidance for Directors on the UK Corporate Governance Code' (The Turnbull Guidance).

The Directors confirm that they have reviewed the effectiveness of the Company's risk management and internal control 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.

Baillie Gifford & Co's Internal Audit and Compliance Departments 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 ISAE 3402 and Technical Release AAF 01/06 – Assurance Reports on Internal Controls of Service Organisations made available to Third Parties. This report is independently reviewed by Baillie Gifford & Co's auditors and a copy is submitted to the Audit Committee.

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 SA/NV 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 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.

Accountability and Audit

The respective responsibilities of the Directors and the Auditors in connection with the Financial Statements are set out on pages 28 to 31.

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 21 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 Report

An Audit Committee has been established which consists of all the Directors except Mr DCP McDougall who stood down from the Committee on 14 October 2013. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. 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 authority and duties are clearly defined within its written terms of reference which are available on request from the Company Secretary and at **www.monksinvestmenttrust.co.uk**.

The terms of reference are reviewed annually and were updated during the year to ensure best practice and compliance with the 2012 UK Corporate Governance Code.

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

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

Main Activities of the Committee

The Committee met twice during the year and PricewaterhouseCoopers LLP, the external Auditor, attended one of these meetings. The Managers' Internal Audit and Compliance Departments provided reports on their monitoring programmes for these meetings.

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

— the preliminary results announcement and the annual and half-yearly reports;

— the Company's accounting policies and practices;

— the regulatory changes impacting the Company;

— the fairness, balance and understandability of the Annual Report and advise the Board whether it provided the information necessary for shareholders to assess the Company's performance, business model and strategy;

— the effectiveness of the Company's internal control environment;

— reappointment, remuneration and engagement letter of the external Auditors;

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

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

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

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

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

Internal Audit

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

Financial Reporting

The Committee considers that the most significant issues likely to impact the financial statements are the existence and valuation of investments, as they represent 96% of total assets, and the effectiveness of the system of internal controls.

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

The value of all the listed investments as at 30 April 2014 were agreed to external price sources. The Committee considered the value of all unquoted investments at 30 April 2014, which are determined using valuation techniques based upon latest dealing prices, stockbroker valuation, net assets values and other information as appropriate, and assessed the appropriateness of the judgements and assumptions used in valuing such investments. The portfolio holdings were agreed to confirmations from the Company's custodian.

The Managers confirmed to the Committee that they were not aware of any material misstatements in the context of the Financial Statements as a whole.

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on page 21. No significant weaknesses were identified in the year under review.

External Auditor

To fulfil its responsibility regarding the independence of the external Auditors, the Committee reviewed:

— the audit plan for the current year;

— a report from the Auditors describing their arrangements to manage auditor independence and received confirmation of their independence; and

— the extent of non-audit services provided by the external Auditors. Non-audit fees for the year to 30 April 2014 were £1,000 and related to the certification of financial information to the debenture trustee. The Committee does not believe that this has impaired the Auditors' independence.

To assess the effectiveness of the external Auditors, the Committee reviewed and considered:

— the Auditors' fulfilment of the agreed audit plan;

— feedback from the Secretaries on the performance of the audit team; and

— the Audit Quality Inspection Report from the FRC.

To fulfil its responsibility for oversight of the external audit process the Committee considered and reviewed:

— the Auditors' engagement letter;

— the Auditors' proposed audit strategy;

— the audit fee; and

— a report from the Auditors on the conclusion of the audit.

PricewaterhouseCoopers LLP have been engaged as the Company's Auditors for over 26 years. The audit partners responsible for the audit are rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business. The current lead audit partner, Ms Catrin Thomas, has been in place for two years and will continue as partner until the conclusion of the 2017 audit.

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

Having carried out the review described above, the Committee is satisfied that the Auditors remain independent and effective and as such, has not considered it necessary to conduct a tender process for the appointment of its Auditors at this stage.

The Committee has noted the amendments to the UK Corporate Governance Code and, in particular, the recommendation to put the external audit contract out to tender at least every ten years. In accordance with the FRC guidance the Committee will consider undertaking a tender process to coincide with the five year rotation cycle of the current partner, Ms Thomas.

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

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 at **www.monksinvestmenttrust.co.uk** subsequent to the meeting. The notice period for the AGM is at least twenty working days.

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 to the United Nations Principles for Responsible Investment.

Greenhouse Gas Emissions

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

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

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

With effect from 14 October 2013, the function of the Management Engagement Committee has been fulfilled by those members of the Board who are also members of the Audit Committee ('Qualifying Directors'). This function was previously fulfilled by the whole Board.

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 Qualifying Directors. The notice period for terminating the Management Agreement is six months. Careful consideration has been given as to the basis on which the management fee is charged. The Qualifying

Directors consider that maintaining relatively low ongoing charges is in the best interest of all shareholders and 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 37.

The Board considers the Company's investment management and secretarial arrangements on an ongoing basis and a formal review is conducted by the Qualifying Directors annually. The following topics, amongst others are considered in the 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 Qualifying 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 19.

In accordance with the provisions of the UK Corporate Governance Code, all of the Directors are retiring at the Annual General Meeting and are offering themselves for re-election. Following formal performance evaluation, the Chairman confirms that the Board considers that their performance continues to be effective and that they remain committed to the Company. The Board therefore recommends their re-election to shareholders.

Directors' Indemnity and Insurance

The Company has entered into 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.

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 8 August 2014 to shareholders on the register at the close of business on 11 July 2014. The ex-dividend date is 9 July 2014. The Company's Registrar offers a Dividend Reinvestment Plan (see page 54) and the final date for elections for this dividend is 18 July 2014.

Share Capital

Capital Structure

The Company's capital structure consists of 227,887,859 ordinary shares of 5p each at 30 April 2014. 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 52.

Major Interests in the Company's Shares

The Company has received notifications of the following interests in 3% or more of the voting rights of the Company as at 30 April 2014. There have been no changes to the major interests in the Company's shares intimated up to 13 June 2014.

Name	Ordinary 5p shares held at 30 April 2014	% of issue
Investec Wealth & Investment Limited	14,661,214	6.4

Purchase of Own Shares

During the year to 30 April 2014 the Company bought back 12,444,000 ordinary shares (nominal value £623,000, representing 5.2% of the called up share capital at 30 April 2013) on the London Stock Exchange for cancellation. The total consideration for these shares was £44,109,000. Between 1 May 2014 and 13 June 2014 the Company bought back 600,000 ordinary shares for cancellation at a total cost £2,277,000.

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

The shares were purchased at a price (after allowing for costs) below the net asset value per share and subsequently cancelled, thereby reducing the issued share capital (see note 13 on page 43).

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 2015.

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 12 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 in the best interests of shareholders generally.

Articles of Association

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

Disclosure of Information to Auditors

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

Post Balance Sheet Events

The Directors confirm that there have been no post-Balance Sheet events up to 17 June 2014.

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.

On behalf of the Board
JGD Ferguson
Chairman
17 June 2014

Directors' Remuneration Report

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

Statement by the Chairman

The requirements regarding the content of the Directors' Remuneration Report and its approval by shareholders have recently changed. Resolutions will be proposed at the forthcoming Annual General Meeting for the approval of the Directors' Remuneration Policy and the Annual Report on Remuneration as set out below. Thereafter, shareholders will be asked to approve the Annual Report on Remuneration each year and the Directors' Remuneration Policy every three years or sooner if an alteration to the policy is proposed.

The Board reviewed the level of fees during the year and it was agreed that they would remain unchanged at £37,500 for the Chairman and £25,000 for the other Directors. Directors' fees were last increased on 1 November 2011.

Directors' Remuneration Policy

An ordinary resolution for the approval of the Remuneration Policy will be put to the members at the forthcoming Annual General Meeting. If approved by shareholders, the Directors' Remuneration Policy will be effective immediately upon the passing of the resolution.

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

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

The fees for the non-executive Directors are payable quarterly in arrears and are determined within the limit set out in the Company's Articles of Association which is currently £200,000 in aggregate. Any change to this limit requires shareholder approval. Non-executive Directors are not eligible for any other remuneration or benefits apart from the reimbursement of allowable expenses. There are no performance conditions relating to Directors' fees and there are no long-term incentive schemes or pension schemes. No compensation is payable on loss of office.

The fees payable to Directors in respect of the year ended 30 April 2014 and the expected fees payable in respect of the year ending 30 April 2015 are set out in the table below. The fees payable to the Directors in the subsequent financial periods will be determined following an annual review of the Directors' fees.

	Expected fees for year ending 30 Apr 2015 £	Fees as at 30 Apr 2014 £
Chairman's fee	37,500	37,500
Non-executive Director fee	25,000	25,000
Total aggregate annual fees that can be paid to the Directors in any year under the Directors' Remuneration Policy, as set out in the Company's Articles of Association	200,000	200,000

Annual Report on Remuneration

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

The law requires the Company's Auditors to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's Report on pages 29 to 31.

Directors' Remuneration for the Year (audited)

The Directors who served during the year received the following remuneration in the form of fees. This represents the entire remuneration paid to the Directors.

Name	2014 £	2013 £
JGD Ferguson	37,500	37,500
CC Ferguson	25,000	25,000
EM Harley	25,000	25,000
DCP McDougall	25,000	25,000
KS Sternberg (appointed 1/7/13)	20,833	–
	133,333	**112,500**

The Directors at the end of the year under review and their interests in the Company are as shown in the following table. During the period from 1 May 2014 to 13 June 2014 Mr KS Sternberg added 2,000 shares to his beneficial holding. There have been no other changes intimated in the Directors' interests up to 13 June 2014.

Directors' Interests (audited)

Name	Nature of interest	Ordinary 5p shares held at 30 April 2014	Ordinary 5p shares held at 30 April 2013 *
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	1,373,160
KS Sternberg	Beneficial	6,733	283
(appointed 1/7/13)	Non-beneficial	3,213,200	3,213,200

* Or date of appointment if later.

Statement of Voting at Annual General Meeting

At the last Annual General Meeting, of the proxy votes received in respect of the Directors' Remuneration Report, 99.4% were in favour, 0.5% were against and votes withheld were 0.1%.

Relative Importance of Spend on Pay

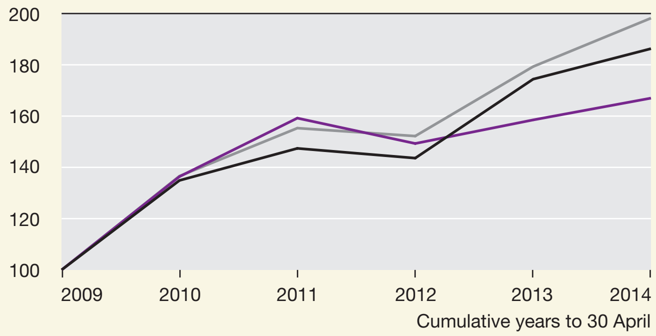
As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders.

Company Performance

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

Performance Graph

(figures rebased to 100 at 30 April 2009)



Source: Thomson Reuters Datastream/Morningstar.

Monks share price

FTSE All-Share

FTSE World Index

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

Approval

The Directors' Remuneration Report on pages 26 and 27 was approved by the Board of Directors and signed on its behalf on 17 June 2014.

JGD Ferguson
Chairman

Past performance is not a guide to future performance.

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 profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

— select suitable accounting policies and then apply them consistently;

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

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

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

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

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

The Directors consider that the Annual Report and Financial Statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

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

On behalf of the Board
JGD Ferguson
Chairman
17 June 2014

Independent Auditor's Report

to the members of The Monks Investment Trust PLC

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

— give a true and fair view of the state of the Company's affairs as at 30 April 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by The Monks Investment Trust PLC (the 'Company'), comprise:

— the Balance Sheet as at 30 April 2014;

— the Income Statement for the year then ended;

— the Reconciliation of Movements in Shareholders' Funds and the Cash Flow Statement for the year then ended;

— the Reconciliation of Net Cash Flow to Movement in Net Funds/(Debt); and

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

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). 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 (the 'Annual Report') to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Overview of our audit approach

Materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined an overall materiality for the financial statements as a whole of £9,729,000 which is approximately 1% of Net Assets. We based our materiality on Net Assets because we believe this to be the most appropriate measure of the Company's performance.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above 5% of overall materiality as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of our audit

The Company is a standalone Investment Trust Company and employs Baillie Gifford & Co (the 'Investment Managers') to manage its assets.

The financial statements, which remain the responsibility of the Directors, are prepared on their behalf by the Investment Managers.

In establishing the overall approach to our audit we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company's interaction with the Investment Managers, and we assessed the control environment in place at the organisation, to the extent relevant to our audit of the Company.

Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Areas of particular audit focus

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We obtained audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all risks or areas of focus identified by our audit. We discussed these areas of focus with the Audit Committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out on page 22.

Area of focus	How the scope of our audit addressed the area of focus
Valuation and existence of investments *We focused on this area because investments represent the principal element of the financial statements.*	The investment portfolio is comprised of listed and unquoted investments. We tested the valuation of the investment portfolio at 30 April 2014 by agreeing the valuation to independent third party sources. We assessed the appropriateness of the Directors' judgements and assumptions over the valuation of unquoted securities by comparing the recorded valuations to independent valuation sources and, we challenged adjustments made to the independent valuations by the Investment Managers to determine whether there was evidence to support adjustments made. We read Board meeting minutes and fair value pricing committee minutes to understand the Directors' and investment Managers' discussions and conclusions over the valuations of investments and this provided evidence that the Directors and Investment Managers were involved in determining the valuations presented in the financial statements. We tested the existence of the investment portfolio at 30 April 2014 by agreeing the holdings to an independent custodian confirmation.
Risk of management override of internal controls *ISAs (UK & Ireland) require that we consider management override of controls.*	We tested manual journal entries to determine whether adjustments were supported and appropriately authorised. We examined significant accounting estimates and judgements relevant to the financial statements for evidence of bias by the Directors that may represent a risk of material misstatement due to fraud. We also built in an element of "unpredictability" into our detailed testing by testing immaterial or unusual items.

Going Concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 22, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion:

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Corporate Governance Statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code ('the Code'). We have nothing to report having performed our review.

On page 28 of the Annual Report, as required by the Code Provision C.1.1, the Directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy. On page 22, as required by C.3.8 of the Code, the Audit Committee has set out the significant issues that it considered in relation to the financial statements, and how they were addressed. Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- the statement given by the Directors is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have no exceptions to report arising from this responsibility.

Other information in the Annual Report

Under ISAs (UK & Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

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

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

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

Catrin Thomas (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
17 June 2014

Income Statement

For the year ended 30 April

	Notes	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Gains on investments	9	–	31,448	**31,448**	–	50,194	**50,194**
Currency losses	14	–	(2,799)	**(2,799)**	–	(3,117)	**(3,117)**
Income	2	21,585	–	**21,585**	22,983	–	**22,983**
Investment management fee	3	(4,778)	–	**(4,778)**	(4,648)	–	**(4,648)**
Other administrative expenses	4	(903)	–	**(903)**	(907)	–	**(907)**
Net return before finance costs and taxation		15,904	28,649	**44,553**	17,428	47,077	**64,505**
Finance costs of borrowings	5	(3,783)	–	**(3,783)**	(4,929)	–	**(4,929)**
Net return on ordinary activities before taxation		12,121	28,649	**40,770**	12,499	47,077	**59,576**
Tax on ordinary activities	6	(940)	–	**(940)**	(721)	–	**(721)**
Net return on ordinary activities after taxation		**11,181**	**28,649**	**39,830**	**11,778**	**47,077**	**58,855**
Net return per ordinary share	7	**4.87p**	**12.49p**	**17.36p**	**4.68p**	**18.72p**	**23.40p**
Note: Dividends per share paid and payable in respect of the year	8	**3.95p**			**3.95p**		

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

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

A Statement of 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 36 to 50 are an integral part of the financial statements.

Balance Sheet

As at 30 April

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		973,559		1,023,427
Current assets					
Debtors	10	2,139		5,735	
Investments held at fair value through profit or loss	9	–		12,341	
Cash and deposits	21	41,592		38,591	
		43,731		56,667	
Creditors					
Amounts falling due within one year	11	(4,682)		(54,188)	
Net current assets			39,049		2,479
Total assets less current liabilities			1,012,608		1,025,906
Creditors					
Amounts falling due after more than one year	12		(39,712)		(39,679)
Net assets			**972,896**		**986,227**
Capital and reserves					
Called up share capital	13		11,394		12,017
Share premium	14		11,100		11,100
Capital redemption reserve	14		8,004		7,381
Capital reserve	14		894,882		910,342
Revenue reserve	14		47,516		45,387
Shareholders' funds	15		**972,896**		**986,227**
Net asset value per ordinary share (after deducting borrowings at fair value)	16		**425.2p**		**408.1p**
Net asset value per ordinary share (after deducting borrowings at par)	16		**426.8p**		**410.2p**

The financial statements of The Monks Investment Trust PLC (Company registration number 236964) on pages 32 to 50 were approved and authorised for issue by the Board and were signed on 17 June 2014.

JGD Ferguson
Chairman

The accompanying notes on pages 36 to 50 are an integral part of the financial statements.

Reconciliation of Movements in Shareholders' Funds

For the year ended 30 April 2014

	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 2013		12,017	11,100	7,381	910,342	45,387	**986,227**
Net return on ordinary activities after taxation		–	–	–	28,649	11,181	**39,830**
Shares purchased for cancellation	13	(623)	–	623	(44,109)	–	**(44,109)**
Dividends paid during the year	8	–	–	–	–	(9,052)	**(9,052)**
Shareholders' funds at 30 April 2014		**11,394**	**11,100**	**8,004**	**894,882**	**47,516**	**972,896**

For the year ended 30 April 2013

	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 2012		12,806	11,100	6,592	915,546	43,675	**989,719**
Net return on ordinary activities after taxation		–	–	–	47,077	11,778	**58,855**
Shares purchased for cancellation		(789)	–	789	(52,281)	–	**(52,281)**
Dividends paid during the year	8	–	–	–	–	(10,066)	**(10,066)**
Shareholders' funds at 30 April 2013		**12,017**	**11,100**	**7,381**	**910,342**	**45,387**	**986,227**

The accompanying notes on pages 36 to 50 are an integral part of the financial statements.

Cash Flow Statement

For the year ended 30 April

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Net cash inflow from operating activities	17		15,903		17,645
Servicing of finance					
Interest paid		(3,743)		(6,969)	
Net cash outflow from servicing of finance			(3,743)		(6,969)
Taxation					
UK income tax recovered		–		380	
Overseas tax incurred		(955)		(777)	
Total tax paid			(955)		(397)
Financial investment					
Acquisitions of investments		(280,577)		(242,196)	
Disposals of investments		375,942		370,561	
Forward currency contracts		–		2,346	
Net cash inflow from financial investment			95,365		130,711
Equity dividends paid	8		(9,052)		(10,066)
Net cash inflow before financing			97,518		130,924
Financing					
Shares purchased for cancellation		(51,718)		(49,475)	
Borrowings repaid		(40,000)		(80,000)	
Net cash outflow from financing			(91,718)		(129,475)
Increase in cash	18		**5,800**		**1,449**

Reconciliation of Net Cash Flow to Movement in Net Funds/(Debt)

For the year ended 30 April

	Notes	2014 £'000	2013 £'000
Increase in cash in the year	18	5,800	1,449
Translation difference	18	(2,799)	(2,377)
Net cash outflow from borrowings repaid	18	40,000	80,000
Other non-cash changes	18	(33)	(32)
Movement in net funds/(debt) in the year		42,968	79,040
Net debt at 1 May		(41,088)	(120,128)
Net funds/(debt) at 30 April		**1,880**	**(41,088)**

The accompanying notes on pages 36 to 50 are an integral part of the financial statements.

Notes to 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 be retained. 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 or holdings on certain recognised overseas exchanges, at last traded prices. 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 deposits which are repayable on demand.

(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

	2014 £'000	2013 £'000
Income from investments		
Franked investment income	4,409	5,158
UK unfranked investment income	332	399
Overseas dividends	14,223	12,990
Overseas interest	2,621	4,426
	21,585	**22,973**
Other income		
Deposit interest	–	10
	–	**10**
Total income	**21,585**	**22,983**
Total income comprises:		
Dividends from financial assets designated at fair value through profit or loss	18,632	18,148
Interest from financial assets designated at fair value through profit or loss	2,953	4,825
Interest from financial assets not at fair value through profit or loss	–	10
	21,585	**22,983**

3 Investment Management Fee

	2014 £'000	2013 £'000
Investment management fee	**4,778**	**4,648**

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

	2014 £'000	2013 £'000
General administrative expenses	745	768
Directors' fees (see Directors' Remuneration Report on page 26)	133	113
Auditors' remuneration – statutory audit of annual financial statements	24	23
Auditors' non-audit remuneration – non-audit services (see page 23)	1	3
	903	**907**

5 Finance Costs of Borrowings

	2014 £'000	2013 £'000
Bank loans	1,200	1,860
Interest rate swap	–	107
Debenture stocks	2,583	2,962
	3,783	**4,929**

6 Tax on Ordinary Activities

	2014 £'000	2013 £'000
Analysis of charge in year		
Overseas tax	940	728
Adjustment in respect of previous years	–	(7)
Tax on profits on ordinary activities	**940**	**721**

Factors affecting current tax charge for year

The tax assessed for the year is lower (2013 – lower) than the average standard rate of corporation tax in the UK of 22.8% (2013 – 23.9%). The differences are explained below:

	2014 £'000	2013 £'000
Net return on ordinary activities before taxation	40,770	59,576
Net return on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 22.8% (2013 – 23.9%)	9,310	14,249
Capital returns not taxable	(6,542)	(11,260)
Income not taxable	(4,170)	(3,990)
Taxable expenses in the year not utilised	1,402	1,001
Overseas tax	940	728
Adjustments in respect of previous years	–	(7)
Current tax charge for the year	**940**	**721**

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

The standard rate of corporation tax in the UK changed from 23% to 21% on 1 April 2014.

Factors that may affect future tax charges

At 30 April 2014 the Company had a potential deferred tax asset of £5,681,000 (2013 – £5,107,000) 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 20% (2013 – 23%). Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

7 Net Return per Ordinary Share

	2014 Revenue	2014 Capital	2014 Total	2013 Revenue	2013 Capital	2013 Total
Net return per ordinary share	**4.87p**	**12.49p**	**17.36p**	**4.68p**	**18.72p**	**23.40p**

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation of £11,181,000 (2013 – £11,778,000) and on 229,470,589 (2013 – 251,551,655) ordinary shares of 5p, being the weighted average number of ordinary shares in issue during the year.

Capital return per ordinary share is based on the net capital gain for the financial year of £28,649,000 (2013 – £47,077,000) and on 229,470,589 (2013 – 251,551,655) 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

	2014	2013	2014 £'000	2013 £'000
Amounts recognised as distributions in the year:				
Previous year's final (paid 9 August 2013)	3.45p	3.45p	7,911	8,820
Interim (paid 31 January 2014)	0.50p	0.50p	1,141	1,246
	3.95p	**3.95p**	**9,052**	**10,066**

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 £11,181,000 (2013 – £11,778,000).

	2014	2013	2014 £'000	2013 £'000
Amounts paid and payable in respect of the financial year:				
Adjustment to previous year's final dividend re shares bought back	–	–	(380)	(16)
Interim (paid 31 January 2014)	0.50p	0.50p	1,141	1,246
Proposed final (payable 8 August 2014)	3.45p	3.45p	7,862	8,291
	3.95p	**3.95p**	**8,623**	**9,521**

9 Investments

As at 30 April 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	912,744	449	–	**913,193**
Listed equity index options	976	–	–	**976**
Listed debt securities	3,975	1,954	–	**5,929**
Unlisted equities quoted on an investment exchange	–	9,121	–	**9,121**
Other unlisted equities	–	–	8,819	**8,819**
Unlisted debt securities	–	–	35,521	**35,521**
Total financial asset investments	**917,695**	**11,524**	**44,340**	**973,559**
Comprising:				
Fixed asset investments	917,695	11,524	44,340	**973,559**
Current asset investments	–	–	–	**–**
	917,695	**11,524**	**44,340**	**973,559**

As at 30 April 2013	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	948,171	553	–	**948,724**
Listed equity index options	12,341	–	–	**12,341**
Listed debt securities	10,088	1,075	–	**11,163**
Unlisted equities quoted on an investment exchange	–	15,448	–	**15,448**
Other unlisted equities	–	–	10,919	**10,919**
Unlisted debt securities	–	–	37,173	**37,173**
Total financial asset investments	**970,600**	**17,076**	**48,092**	**1,035,768**
Comprising:				
Fixed asset investments	958,259	17,076	48,092	**1,023,427**
Current asset investments	12,341	–	–	**12,341**
	970,600	**17,076**	**48,092**	**1,035,768**

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 40, which reflects the reliability and significance of the information used to measure their fair value. During the year the Company's holding in North Atlantic Drilling was transferred from level 2 (unlisted equities quoted on an investment exchange) to Level 1 (listed equities) following the listing of its shares on the New York Stock Exchange.

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.

	Equities* £'000	Debt £'000	Total £'000
Cost of investments at 1 May 2013	712,838	49,161	**761,999**
Investment holding gains/(losses) at 1 May 2013	274,594	(825)	**273,769**
Value of investments at 1 May 2013	**987,432**	**48,336**	**1,035,768**
Movements in year:			
Purchases at cost	278,377	1,255	**279,632**
Sales – proceeds	(363,821)	(6,959)	**(370,780)**
– realised gains/(losses) on sales	79,254	(897)	**78,357**
Amortisation of fixed interest book cost	–	974	**974**
Changes in investment holding gains/(losses)	(49,133)	(1,259)	**(50,392)**
Value of investments at 30 April 2014	**932,109**	**41,450**	**973,559**
Cost of investments at 30 April 2014	706,648	43,534	**750,182**
Investment holding gains/(losses) at 30 April 2014	225,461	(2,084)	**223,377**
Value of investments at 30 April 2014	**932,109**	**41,450**	**973,559**
Comprising:			
Fixed asset investments	932,109	41,450	**973,559**
Current asset investments	–	–	**–**
	932,109	**41,450**	**973,559**

* Equities includes equity index options.

The purchases and sales proceeds figures above include transaction costs of £388,000 (2013 – £256,000) and £315,000 (2013 – £303,000) respectively. Of the realised gains on sales of fixed and current asset investments during the year of £78,357,000 (2013 – losses of £23,804,000), a net gain of £88,999,000 (2013 – £21,488,000) 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 32 within gains/losses 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 2014	Value at 1 May 2013 £'000	Purchases/ amortisation* £'000	Sales proceeds £'000	Change in category £'000	Gains/(losses) on sales £'000	Holding gains/(losses) £'000	Value at 30 April 2014 £'000
Equities	10,919	49	(122)	–	(3,435)	1,408	**8,819**
Debt securities	37,173	2,142	(3,136)	–	(627)	(31)	**35,521**
	48,092	**2,191**	**(3,258)**	**–**	**(4,062)**	**1,377**	**44,340**

* Purchases/amortisation for debt securities includes amortisation of fixed income securities of £887,000.

For the year to 30 April 2013	Value at 1 May 2012 £'000	Purchases/ amortisation* £'000	Sales proceeds £'000	Change in category £'000	Gains/(losses) on sales £'000	Holding gains/(losses) £'000	Value at 30 April 2013 £'000
Equities	9,533	–	(391)	3,948	–	(2,171)	**10,919**
Debt securities	41,107	1,801	(6,520)	–	263	522	**37,173**
	50,640	**1,801**	**(6,911)**	**3,948**	**263**	**(1,649)**	**48,092**

* Purchases/amortisation for debt securities includes amortisation of fixed income securities of £1,801,000.

	2014 £'000	2013 £'000
Gains on investments:		
Fixed and current asset investments:		
Realised gains/(losses) on sales	78,357	(23,804)
Changes in investment holding gains/(losses)	(50,392)	93,930
	27,965	**70,126**
Equity index futures:		
Realised gains/(losses)	2,047	(7,232)
Changes in investment holding gains/(losses)	1,436	(10,065)
Interest rate swap:		
Realised losses	–	(6,629)
Changes in investment holding gains/(losses)	–	3,994
	31,448	**50,194**

The realised gains/(losses) figures for equity index futures above includes transaction costs of £15,000 (2013 – £199,000). Details of any equity index futures and interest rate swaps open at the balance sheet date are shown on pages 49 and 50.

During the year the Company had a holding in class A shares of Silk Invest Private Equity Fund S.A. SICAR, compartment 'Silk Invest Africa Food Fund' which is incorporated in Luxembourg. At 30 April Monks holding was:

	2014 Shares held	2014 Value £'000	2014 % of Shares held	2013 Shares held	2013 Value £'000	2013 % of Shares held
Silk Invest Africa Food Fund	10,000	8,212	46.3	10,000	8,470	58.5

10 Debtors

	2014 £'000	2013 £'000
Amounts falling due within one year:		
Accrued income and prepaid expenses	1,268	1,839
Sales for subsequent settlement	–	746
Overseas taxation recoverable	150	54
Amounts due from equity index futures and options brokers	711	3,080
Other debtors	10	16
	2,139	**5,735**

None of the above debtors are financial assets designated at fair value through profit or loss. The carrying amount of debtors is a reasonable approximation of fair value.

11 Creditors – Amounts falling due within one year

	2014 £'000	2013 £'000
Scotiabank Europe PLC fixed rate loan	–	40,000
Purchases for subsequent settlement	2,956	3,901
Share repurchases for subsequent settlement	–	7,609
Corporation tax	45	45
Unrealised loss on equity index futures (see page 49)	–	1,436
Other creditors and accruals	1,681	1,197
	4,682	**54,188**

None of the above creditors are financial liabilities designated at fair value through profit or loss apart from the unrealised loss on equity index futures, which is classified as Level 1 in the fair value hierarchy described on page 40. Included in other creditors is £1,141,000 (2013 – £598,000) in respect of the investment management fee.

At 30 April 2014 the Company had a £40m uncommitted revolving credit facility with The Bank of New York Mellon, which was not utilised during the year. During the year the Company repaid its £40m three year fixed rate loan with Scotiabank.

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	2014 £'000	2013 £'000
£40 million 6⅜% debenture stock 2023	1/9/2023	6.375%	6.5%	39,712	39,679

Debenture stock

The debenture stock is stated at amortised cost (see note 1 on page 36); the cumulative effect is to decrease the carrying amount of borrowings by £288,000 (2013 – £321,000). The debenture stock is secured by a floating charge over the assets of the Company. Under the terms of the Debenture Agreement, total borrowings should not exceed net assets and the Company cannot undertake share buy-backs if this would result in total borrowings exceeding 66.67%.

13 Called Up Share Capital

	2014 Number	2014 £'000	2013 Number	2013 £'000
Allotted and fully paid ordinary shares of 5p each	**227,887,859**	**11,394**	**240,331,859**	**12,017**

In the year to 30 April 2014 the Company bought back 12,444,000 ordinary shares with a nominal value of £623,000 at a total cost of £44,109,000. At 30 April 2014 the Company had authority to buy back a further 32,961,749 ordinary shares, being 14.5% 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.

14 Capital and Reserves

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 May 2013	12,017	11,100	7,381	910,342	45,387	**986,227**
Gains on fixed and current asset investments	–	–	–	27,965	–	**27,965**
Gains on equity index futures	–	–	–	3,483	–	**3,483**
Currency losses	–	–	–	(2,799)	–	**(2,799)**
Revenue return on ordinary activities after taxation	–	–	–	–	11,181	**11,181**
Shares purchased for cancellation	(623)	–	623	(44,109)	–	**(44,109)**
Dividends paid in the year	–	–	–	–	(9,052)	**(9,052)**
At 30 April 2014	**11,394**	**11,100**	**8,004**	**894,882**	**47,516**	**972,896**

The capital reserve balance at 30 April 2014 includes investment holding gains on investments of £223,377,000 (2013 – gains of £273,769,000) as detailed in note 9 on page 40. The revenue reserve is distributable by way of dividend.

15 Shareholders' Funds

	2014 £'000	2013 £'000
Shareholders' funds	**972,896**	**986,227**

Shareholders' funds have been calculated in accordance with the provisions of FRS 26. However, the net asset value per share figures in note 16 have been calculated on the basis of shareholders' rights to reserves as specified in the Articles of Association of the Company. A reconciliation of the two figures is as follows:

	2014	2013
Shareholders' funds per ordinary share	426.9p	410.4p
Expense of debenture issue	(0.1p)	(0.2p)
Net asset value per ordinary share	**426.8p**	**410.2p**

16 Net Asset Value per Ordinary Share

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

	2014	2013	2014 £'000	2013 £'000
Ordinary shares	**426.8p**	**410.2p**	**972,608**	**985,906**

	2014 £'000	2013 £'000
The movements during the year of the assets attributable to the ordinary shares were as follows:		
Total net assets at 1 May	985,906	989,366
Return on ordinary activities after taxation	39,830	58,855
Dividends paid in the year	(9,052)	(10,066)
Amortisation of debenture issue expenses	33	32
Shares purchased for cancellation	(44,109)	(52,281)
Total net assets at 30 April	**972,608**	**985,906**

Net asset value per ordinary share is based on net assets (adjusted to reflect the deduction of the debentures at par) and on 227,887,859 (2013 – 240,331,859) 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 15.

Deducting long term borrowings at fair value would have the effect of reducing net asset value per ordinary share from 426.8p to 425.2p. Taking the market price of the ordinary shares at 30 April 2014 of 370.0p, this would have given a discount to net asset value of 13.0% as against 13.3% on a traditional basis. At 30 April 2013 the effect would have been to reduce net asset value per ordinary share from 410.2p to 408.1p. Taking the market price of the ordinary shares at 30 April 2013 of 355.0p, this would have given a discount to net asset value of 13.0% as against 13.5% on a traditional basis.

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

	2014 £'000	2013 £'000
Net return before finance costs and taxation	44,553	64,505
Gains on investments	(31,448)	(50,194)
Currency losses	2,799	3,117
Amortisation of fixed interest book cost	(974)	(2,014)
Decrease in accrued income	574	2,212
(Increase)/decrease in debtors	(78)	146
Increase/(decrease) in creditors	477	(127)
Net cash inflow from operating activities	**15,903**	**17,645**

18 Analysis of Change in Net Funds/(Debt)

	At 1 May 2013 £'000	Cash flows £'000	Translation difference £'000	Other non-cash changes £'000	At 30 April 2014 £'000
Cash at bank and in hand	38,591	5,800	(2,799)	–	**41,592**
Loans due within one year	(40,000)	40,000	–	–	**–**
Debenture stocks due in more than five years	(39,679)	–	–	(33)	**(39,712)**
	(41,088)	**45,800**	**(2,799)**	**(33)**	**1,880**

19 Contingent Liabilities, Guarantees and Financial Commitments

At 30 April 2014 and 30 April 2013 the Company had no contingent liabilities, guarantees or financial commitments.

20 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.

21 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 49 and 50.

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.

21 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 2014	Investments £'000	Cash and deposits £'000	Loans and debentures £'000	Other debtors and creditors* £'000	Net exposure £'000
US dollar	368,526	36,859	–	290	**405,675**
Euro	134,441	–	–	226	**134,667**
Japanese yen	51,358	–	–	124	**51,482**
Brazilian real	–	–	–	–	**–**
Other overseas currencies	180,201	733	–	(265)	**180,669**
Total exposure to currency risk	**734,526**	**37,592**	**–**	**375**	**772,493**
Sterling	239,033	4,000	(39,712)	(2,918)	**200,403**
	973,559	**41,592**	**(39,712)**	**(2,543)**	**972,896**

* Includes non-monetary assets of £31,000.

At 30 April 2013	Investments £'000	Cash and deposits £'000	Loans and debentures £'000	Other debtors and creditors* £'000	Net exposure £'000
US dollar	350,543	33,345	–	(1,692)	**382,196**
Euro	94,834	90	–	121	**95,045**
Japanese yen	60,876	–	–	457	**61,333**
Brazilian real	35,827	(217)	–	661	**36,271**
Other overseas currencies	217,717	81	–	(59)	**217,739**
Total exposure to currency risk	**759,797**	**33,299**	**–**	**(512)**	**792,584**
Sterling	275,971	5,292	(79,679)	(7,941)	**193,643**
	1,035,768	**38,591**	**(79,679)**	**(8,453)**	**986,227**

* Includes non-monetary assets of £44,000.

Currency Risk Sensitivity

At 30 April 2014, 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 2013.

	2014 £'000	2013 £'000
US dollar	20,284	19,110
Euro	6,733	4,752
Japanese yen	2,574	3,067
Brazilian real	–	1,813
Other overseas currencies	9,033	10,887
	38,624	**39,629**

21 Financial Instruments (continued)

Interest Rate Risk

Interest rate movements may affect directly:

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

— the level of income receivable on cash deposits;

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

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

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

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

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

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

Financial Assets

	2014 Fair value £'000	2014 Weighted average interest rate	2014 Weighted average period until maturity	2013 Fair value £'000	2013 Weighted average interest rate	2013 Weighted average period until maturity
Fixed rate:						
European bonds	1,954	28.8%	1 year	1,075	54.2%	2 years
US bonds	3,975	12.9%	12 years	10,088	9.9%	14 years
UK swap rate linked note*	5,825	7.2%	3 years	5,887	7.2%	4 years
Floating rate:						
European bonds (interest rate linked to Euro LIBOR)	8,047	8.2	1 year	5,670	26.4%	3 years
UK swap rate linked note*	3,240	n/a	3 years	5,195	n/a	4 years
Fixed interest collective investment schemes:						
US dollar denominated funds	18,409	0.3%	n/a	20,421	3.5%	n/a

* This instrument comprises a zero coupon note issued by Credit Suisse and an option on sterling interest rate swaps. The zero coupon element has a redemption value of £6.25m (fair value – £5.8m) and the redemption value of the interest rate swap element (fair value – £3.2m) 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.

21 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

	2014 £'000	2013 £'000
Fixed rate – sterling	**39,712**	**79,679**

Maturity Profile

	2014 Within 1 year £'000	2014 Between 1 and 5 years £'000	2014 More than 5 years £'000	2013 Within 1 year £'000	2013 Between 1 and 5 years £'000	2013 More than 5 years £'000
Repayment of loans and debentures	–	–	40,000	40,000	–	40,000
Interest on loans and debentures	2,550	10,200	11,475	3,739	10,200	14,025
	2,550	**10,200**	**51,475**	**43,739**	**10,200**	**54,025**

Interest Rate Risk Sensitivity

An increase of 100 basis points in bond/swap yields as at 30 April 2014 would have increased total net assets and total return on ordinary activities by £10,749,000 (2013 – £11,088,000) and would have increased the net asset value per share (with borrowings at fair value) by 5.6p (2013 – 6.1p). A decrease of 100 basis points would have decreased total net assets and total return on ordinary activities by £2,579,000 (2013 – £3,443,000) and would have decreased net asset value per share (with borrowings at fair value) by 2.0p (2013 – 2.9p).

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 14 to 17. 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 Strategic Report. Details of derivative financial instruments open at the balance sheet date are shown on pages 49 and 50. 95% of the Company's net assets are invested in quoted equities (2013 – 99%). The sensitivity of the Company's equity investments to general movements in equity markets has been adjusted by the use of the equity derivative instruments detailed on pages 49 and 50, with any sales of equity index futures reducing sensitivity to market movements and any purchase of equity index call options increasing it. After taking into account the impact of any equity index futures and options open at the balance sheet date, a 5% increase in quoted equity valuations at 30 April 2014 would have increased total assets and total return on ordinary activities by £45,824,000 (2013 – £46,861,000). 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;

21 Financial Instruments (continued)

Credit Risk (continued)

— investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily done on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed;

— the creditworthiness of the counterparty to transactions involving derivatives, structured notes and other arrangements, wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest, are subject to rigorous assessment by the Investment Manager; and

— cash is only held at banks that have been identified by the Managers as reputable and of high credit quality.

Credit Risk Exposure

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

	2014 £'000	2013 £'000
Fixed interest investments	41,450	48,336
Cash and short term deposits	41,592	38,591
Debtors and prepayments*	2,139	5,735
	85,181	**92,662**

* Includes non-monetary assets of £31,000 (2013 – £44,000).

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

Fair Value of Financial Assets and Financial Liabilities

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

	2014 Nominal value £'000	2014 Book value £'000	2014 Fair value £'000	2013 Nominal value £'000	2013 Book value £'000	2013 Fair value £'000
6⅜% debenture stock 2023*	40,000	39,712	43,600	40,000	39,679	44,556
Bank loans due within one year	–	–	–	40,000	40,000	40,641
	40,000	**39,712**	**43,600**	**80,000**	**79,679**	**85,197**

* Financial liability stated in the balance sheet at amortised cost (book value).

Gains and Losses on Equity Index Futures Sales

There were no equity index futures sales in position at 30 April 2014. The following equity index futures sales were in position at 30 April 2013:

As at 30 April 2013 Description	Expiration date	Notional amount	Position	Counterparty	Fair value £'000
FTSE 100	21/6/13	(£59,049,900)	Sale	UBS	(125)
Euro STOXX 50	21/6/13	(€40,687,889)	Sale	UBS	(599)
Hang Seng China Enterprises	30/5/13	(HK$24,144,720)	Sale	UBS	(712)
					(1,436)

21 Financial Instruments (continued)

Gains and Losses on Purchased Equity Index Options

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

As at 30 April 2014 Description	Number of contracts	Strike price	Expiration date	Premium paid £'000	Fair value £'000
Hang Seng China Enterprises put	**500**	**8,400**	**29/6/15**	**1,394**	**976**

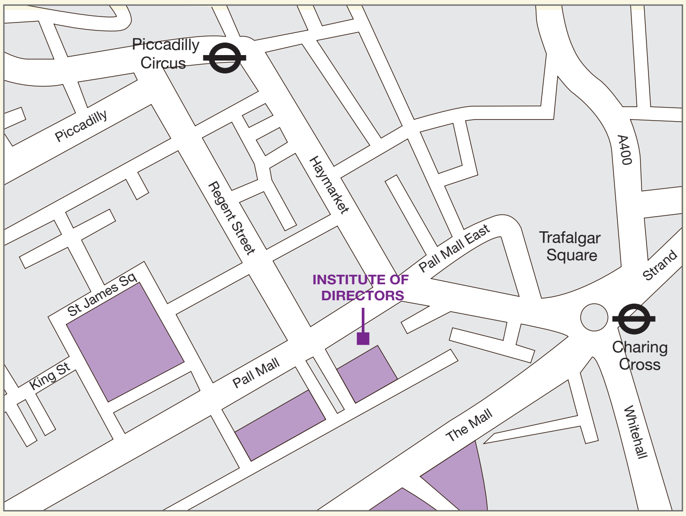
As at 30 April 2013 Description	Number of contracts	Strike price	Expiration date	Premium paid £'000	Fair value £'000
FTSE 100 call	1,300	5,900	20/12/13	4,455	7,235
Euro STOXX 50 call	2,900	2,700	20/12/13	3,343	3,404
Hang Seng China Enterprises call	864	11,200	30/12/13	2,487	1,702
				10,285	**12,341**

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 14 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 6. 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 13. The Company does not have any externally imposed capital requirements other than the covenants on its loans and debentures which are detailed in notes 11 and 12.

Notice of Annual General Meeting



The Annual General Meeting of the Company will be held at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED on Tuesday, 5 August 2014, at 11.00 am.

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

Baillie Gifford may record your call.

Notice is hereby given that the eighty-fifth Annual General Meeting of The Monks Investment Trust PLC will be held at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED on Tuesday, 5 August 2014, at 11.00 am for the following purposes:

Ordinary Business

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

1. To receive and adopt the Financial Statements of the Company for the year ended 30 April 2014 with the Reports of the Directors and of the Independent Auditors thereon.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Annual Report on Remuneration for the year ended 30 April 2014.
4. To declare a final dividend.
5. To re-elect Mr JGD Ferguson as a Director.
6. To re-elect Ms CC Ferguson as a Director.
7. To re-elect Mr EM Harley as a Director.
8. To re-elect Mr DCP McDougall as a Director.
9. To re-elect Mr KS Sternberg as a Director.
10. To reappoint PricewaterhouseCoopers LLP as Independent Auditors.
11. To authorise the Directors to determine the remuneration of the Independent Auditors.

To consider and, if thought fit, pass resolution 12 as a special resolution:

12. 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 34,070,450, 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 2015, 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.

By order of the Board
Baillie Gifford & Co
Managers and Secretaries
26 June 2014

Notes

1. As a member you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form. You may not use any electronic address provided either in this notice or any related documents (including the financial statements and proxy form) to communicate with the Company for any purpose other than those expressly stated.
2. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand at the Registrars of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or **www.eproxyappointment.com** no later than two days (excluding non-working days) before the time of the meeting or any adjourned meeting.
3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and/or by logging on to the website **www.euroclear.com/CREST**. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
4. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID 3RA50) no later than two days (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
5. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish.
8. Shareholders participating in the Baillie Gifford Investment Trust Share Plan, Children's Savings Plan or the Baillie Gifford Investment Trust ISA who wish to vote and/or attend the meeting must complete and return the enclosed reply-paid Form of Direction.
9. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and Section 311 of the Companies Act 2006 the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company no later than the close of business two days (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
10. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
11. The statement of the rights of shareholders in relation to the appointment of proxies in notes 1 and 2 above does not apply to Nominated Persons. The rights described in those notes can only be exercised by shareholders of the Company.

12. The members of the Company may require the Company to publish, on its website, (without payment) a statement (which is also passed to the auditors) setting out any matter relating to the audit of the Company's financial statements, including the auditors' report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.
13. Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website at **www.monksinvestmenttrust.co.uk**.
14. Members have the right to ask questions at the meeting in accordance with Section 319A of the Companies Act 2006.
15. As at 13 June 2014 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 227,287,859 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 13 June 2014 were 227,287,859 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 55 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;

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

— update bank mandates and change address details; and

— use online dealing services.

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

Analysis of Shareholders at 30 April

Name	2014 Number	2014 %	2013 Number	2013 %
Institutions	84,540,755	37.1	89,338,053	37.2
Intermediaries	104,777,496	46.0	111,690,844	46.5
Individuals	17,199,681	7.5	16,482,036	6.8
Baillie Gifford Share Plans/ISA	19,961,412	8.8	19,907,618	8.3
Marketmakers	1,408,515	0.6	2,913,308	1.2
	227,887,859	**100.0**	**240,331,859**	**100.0**

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.eproxyappointment.com**.

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 (BGSM) is the ISA Manager of the Baillie Gifford Investment Trust ISA and the Manager of the Baillie Gifford Investment Trust Share Plan and Children's Savings Plan. BGSM is wholly owned by Baillie Gifford & Co. Both are authorised and regulated by the Financial Conduct Authority. Baillie Gifford only provides information about its products and does not provide investment advice. The staff of Baillie Gifford and Monks Directors may hold shares in Monks and may buy or sell such shares from time to time.

Cost-effective Ways to Buy and Hold Shares in Monks

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

The Baillie Gifford Investment Trust Share Plan

— No initial charge

— No annual wrapper charge

— Normally cheaper than dealing through a stockbroker

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

— No maximum investment limits

— Stop and start saving at any time with no charge

— Twice weekly dealing (usually Tuesday and Friday)

— A withdrawal charge of just £22

The Baillie Gifford Investment Trust ISA

— Tax-efficient investment

— No set-up charge

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

— Lump sum investment from £2,000 up to a maximum of £15,000 each tax year (from 1 July 2014)

— Save monthly from £100

— A withdrawal charge of just £22

ISA Transfers

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

— Consolidate your plans into a managed global investment

— Minimum transfer value £2,000

The Baillie Gifford Children's Savings Plan

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

— No initial charge

— No annual wrapper charge

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

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

— A withdrawal charge of just £22

Online Management Service

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

— obtain current valuations;

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

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

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

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

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

Further information

If you would like more information on any of the plans described, please contact the Baillie Gifford Client Relations Team. (See contact details on page 56).

Risks

Past performance is not a guide to future performance.

Monks is listed on the London Stock Exchange. As a result, the value of its shares and any income from them can fall as well as rise and investors may not get back the amount invested.

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

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

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

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

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

Monks 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.

Baillie Gifford Savings Management Limited is a Scottish Company. The Scottish Referendum vote in September 2014 introduces elements of political uncertainty which may have practical consequences.

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

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

Monks is a UK public listed company and as such complies with the requirements of the UK Listing Authority. It is not authorised and regulated by the Financial Conduct Authority.

Communicating with Shareholders

Trust Magazine

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

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

Monks on the Web

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

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

Suggestions and Questions

Any suggestions on how communications with shareholders can be improved are welcome. Please contact the Baillie Gifford Client Relations Team (see contact details opposite) and give them your suggestions. They will also be very happy to answer questions that you may have, either about Monks or the plans described on page 55.

Literature in Alternative Formats

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

Client Relations Team Contact Details

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

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

E-mail: trustenquiries@bailliegifford.com
Website: www.bailliegifford.com
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.

Glossary of Terms

Total Assets

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

Net Asset Value

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

Net Asset Value at Fair

Borrowings are valued at an estimate of their market worth.

Net Asset Value at Book

Borrowings are valued at adjusted net issue proceeds.

Discount/Premium

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

Total Return

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

Ongoing Charges

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

Gearing

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

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

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

Effective gearing, as defined by the Board and Managers of Monks, is the Company's borrowings at par less cash and cash equivalents and investment grade bonds maturing within one year, as adjusted to take into account the exposure effect of derivative holdings, expressed as a percentage of shareholders' funds.

Directors

Chairman:
JGD Ferguson

CC Ferguson
EM Harley
DCP McDougall
KS Sternberg

Registered Office

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

Managers and Secretaries

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

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
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Company Details

www.monksinvestmenttrust.co.uk
Company Registration
No. 236964
ISIN GB0030517261
Sedol 3051726
Ticker MNKS

Further Information

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

Tel: 0800 917 2112
Email:
trustenquiries@bailliegifford.com
Fax: 0131 275 3955