RNS Announcement: Preliminary Results

The Monks Investment Trust PLC

Regulated Information Classification: Additional regulated information required to be disclosed under applicable laws

Legal Entity Identifier: 213800MRI1JTUKG5AF64

Results for the year to 30 April 2021

Over the year to 30 April 2021, the Company's net asset value (NAV) total return* was 55.5% compared to a total return of 33.9% for the FTSE World Index (in sterling terms). The share price total return for the same period was 53.1%.

- The last 12 months have been exceptional for stock markets, with May 2020 coinciding with the early stages of a very strong recovery from the bottom of the pandemic sell-off.
- Portfolio turnover for the 12 months was 16% and the Company's invested gearing stood at 0.8% at the financial year end.
- A single final dividend of 2.0p is being recommended, compared to 2.5p last year. This is the minimum required to maintain the Company's investment trust status, reflecting its priority which is capital growth.
- Over the period, 12,900,000 shares were issued at a premium to NAV, being 5.8% of the Company's share capital, raising over £168 million. The share price ended the year at a 2.8% premium to NAV*.
- Ongoing charges for the year to 30 April 2021 were 0.43%, down from 0.48% in the prior year.
- The managers remain committed to being supportive long-term holders of portfolio investments. This encourages ambition and growth while at the same time recognising that management teams need to be aware of a wide range of stakeholders. The key levers of this approach are company engagement and proxy voting.
- Since the change in approach in March 2015 the NAV total return at fair value has been 184.1% and the share price total return 229.9% against the comparative index at 107.6%#.

* With borrowings at fair value
\# Total returns from 31 March 2015 to 30 April 2021.

Past performance is not a guide to future performance. Total return information is sourced from Baillie Gifford/ Refinitiv. See disclaimer at the end of this announcement. For a definition of terms see Glossary of Terms and Alternative Performance Measures at the end of this announcement.

The Monks Investment Trust PLC

The Monks Investment Trust PLC aims to deliver above average long-term returns for shareholders by keeping fees and costs low and harnessing the long-term growth potential of companies. Monks invests globally in order to achieve capital growth. This takes priority over income and dividends. Monks is managed by Baillie Gifford, an independent fund management group, which has around £330 billion under management and advice.

Monks is a listed UK company. The value of its shares and any income from them can fall as well as rise and investors may not get back the amount invested. The Company is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority. You can find up to date performance information about Monks at monksinvestmenttrust.com‡. Past performance is not a guide to future performance. See disclaimer at the end of this announcement.

‡ Neither the contents of the Managers' website nor the contents of any website accessible from hyperlinks on the Managers' website (or any other website) is incorporated into, or forms part of, this announcement.

17 June 2021

For further information please contact:
John Carnegie, Baillie Gifford & Co
Tel: 0131 275 2000

Mark Knight, Four Communications
Tel: 0203 697 4200 or 07803 758810

The following is the Preliminary Results Announcement for the year to 30 April 2021 which was approved by the Board on 17 June 2021.

Chairman's Statement

In last year's statement, written as the Covid-19 virus took hold, my predecessor noted that the 'pandemic is likely to accelerate trends that were already in play, driven by technological change and environmental necessity'. One year on, this has proven to be a prescient commentary, and the value of Monks' shares have risen in excess of 50% as strong fundamentals drove impressive increases in revenues across a range of portfolio holdings.

Reviewing a single 12-month period can be misleading and the Board expects the year to April 2021 to be an outlier for many reasons, but the real progress for many of the Company's holdings has been significant. That the portfolio coped so well with the world of lockdown is testament to the robustness of the strategy put in place in 2015, and the excellent stock selection since then.

Over and above the tremendous share price appreciation, much has been achieved during the period: a record level of share issuance; we raised long-term debt; the portfolio was turned over at a steady pace as share prices rose; and we increased our focus on governance and sustainability. In addition, as announced last year, we saw: the retirement of one of the three named managers; the retirement of two non-executive Directors, including my predecessor as Chairman; and the appointment of one new Director. The workings of the Company have continued uninterrupted by the pandemic with the Managers and the Board working and meeting remotely throughout this period.

Performance

During the year the NAV total return, with borrowings calculated at fair value, was 55.5% and the share price total return was 53.1%, while the FTSE World Index returned 33.9%. It is now six years since the change in investment approach was implemented in March 2015. Five years and beyond are appropriate yardsticks by which to measure the long-term strategy of the Company. Since the end of March 2015 the NAV total return has been 184.1% against the comparative index at 107.6%. Over the same period the share price total return was 229.9%.

Share Issuance

One of the strategic objectives the Board had in 2015 was to eradicate the discount. With the shares trading at a consistent premium throughout the year, the Company was able to issue 12.9 million new shares at prices in excess of NAV, raising over £168 million of new funds for investment. The premium to NAV with borrowings calculated at fair value stood at 2.8% at 30 April 2021, slightly down from the 4.4% at the start of the financial year. A larger Company is important for liquidity and making our shares attractive to wealth managers, and it helps to reduce costs by diluting the fixed element and benefiting from the tiered fee structure agreed with the Managers in 2018. Monks has one of the lowest cost ratios of any investment trust listed in the UK.

Borrowings and Gearing

Our Investment Trust structure allows gearing, which will enhance long-term returns, even if future equity returns are closer to the long-run average than we have experienced over the last five years. The Board's strategic borrowing target is 10% and it is expected that gearing will be maintained in the range of minus 15% to plus 15%. Gearing fell through the year, from 6.5% at the start, to 3.2% at the interim stage and to 0.8% by year end. After a year of such impressive stock market returns, the managers decided to crystallise some profits. Combined with share issuance, this caused gearing to fall beneath our long-term target. In the medium term we would expect gearing to rise again. Given our closed-end structure, the Board decided to take advantage of very low long rates and issue some fixed debt. Short-term debt is often less readily available when there is any volatility in markets, which is precisely when gearing is more attractive. I am pleased to report that the Company successfully raised £100 million in two tranches with an average duration of 30 years and coupon of 1.8%.

Management Expenses

Monks is competitive on fees and expenses, which helps to enhance returns to shareholders. The total ongoing charges ratio for the year to 30 April 2021 was 0.43%, down from 0.48% in the prior year and 0.58% at April 2015. The current tiered management fee scale (see note 3 below) should ensure that all shareholders will benefit from economies of scale.

Earnings and Dividend

Monks invests with the aim of maximising capital growth rather than income. All costs are therefore charged to the Revenue Account. The Company's policy is to pay the minimum dividend required to maintain investment trust status. Retained earnings are reinvested in the portfolio. The Board is recommending that a single final dividend of 2.0p should be paid, compared to 2.5p last year.

Governance and Sustainability

The Company's Managers continue to be very focused on ensuring the holdings in the portfolio address the needs of all stakeholders. At the same time, they wish to back and encourage ambition amongst the companies that they own for you. This requires deep understanding of individual companies and the patience to engage with management. Just as Monks invests for the long term, we encourage the investee companies to do the same. Each year the Managers have material engagements with well over half the holdings in the portfolio. At present, an industry is emerging around the narrow measurement of Environmental, Social and Governance factors. Whilst we will pay close attention to these and in time will report on metrics we feel are appropriate, we think that patient engagement and encouragement of companies that are both sustainable and progressive is the best way to enhance long-term returns, and much of this cannot be captured quantitatively. I would encourage you to refer to the Monks Stewardship Report 2020 on the Company' page of the Managers' website and read more on this important subject and how the Managers thoughtfully engage with the companies they invest in on your behalf.

Unlisted Holdings

Our strategy for unquoted investments is to have Schiehallion, a diversified portfolio of unlisted companies also managed by Baillie Gifford, as our core holding (currently the combined ordinary and C share holdings represent the Company's largest position at 3.7% of total assets), and to co-invest selectively in companies that our managers find particularly attractive. At the year end, a further 2.3% of the portfolio was invested directly in private companies.

The Board and The Managers

This year has seen the retirement of three individuals from Monks. At the AGM in September the long-standing Chairman, James Ferguson retired. He joined the board in 2002, was made Chairman in 2005, and since then has calmly coped with the disruption of the financial crisis of 2007-2009; the switch to the Global Alpha Team at Baillie Gifford in 2015; and most recently, the effects of the Covid-19 pandemic.

Edward Harley retired as a non-executive Director in March; having served on the board since 2003 he has also steered the Company through all these ups and downs.

The triumvirate of retirees is completed by Charles Plowden who has been the lead manager since March 2015. Charles retired from Baillie Gifford at the end of April 2021. He had been the senior investor in the Global Alpha team since he established the strategy in 2005, and it was his record there and the clarity of the process that attracted the Board when we switched strategy in 2015. Charles quickly put in place the building blocks which have allowed Monks to flourish – a clear philosophy and process, outstanding performance and effective communication to generate greater demand for the shares. I would like to thank James, Edward and Charles for all they have done for Monks Investment Trust and the Board wishes all of them the best for their future endeavours.

As Monks has been in existence since 1929, Directors and Managers come and go. We are in the fortunate position of having considerable continuity. Spencer Adair, formerly a deputy manager, has taken on the role of investment manager and is ably assisted by Malcolm MacColl who continues as deputy. Spencer and Malcolm have worked together for over 15 years and in advance of Charles' retirement strengthened their wider research team.

Claire Boyle was appointed as an independent non-executive Director with effect from 1 May 2020. She has nearly two decades of experience in financial services and investment management. She has already made a useful contribution to our deliberations, despite having joined in lockdown.

Outlook

Monks has made progress on many fronts, thanks to the patient application of a tried and tested investment approach which is based on bottom-up stock picking and a focus on growth companies anywhere in the world. Central to the approach is to constantly challenge established beliefs to identify further changes, which might generate ideas that lead to future profitable investments. We think the pace of change will not abate and our objective is to stay ahead of change in technology, data, cultural shifts, consumer behaviour and many other factors. We seek to invest in strong and flexible companies capable of navigating, driving, or benefiting from change. Returns will not be linear – we should expect greater volatility as policy responds to economic recovery – but it is during just such periods that many opportunities come to light.

Annual General Meeting

The Company's AGM has been scheduled to take place on 2 September 2021 at the Institute of Directors, Pall Mall, London, SW1Y 5ED but, given the ongoing uncertainty about a further wave of infections, or a new variant, the Board will continue to monitor developments and may be forced to prohibit shareholders from attending in person. We hope not. Nevertheless, the Board encourages all shareholders to exercise their votes at the AGM by completing and submitting a form of proxy. We would encourage shareholders to monitor the Company's website at **monksinvestmenttrust.co.uk** where any updates will be posted and market announcements will also be made.

Should shareholders have questions for the Board or the Managers or any queries as to how to vote, they are welcome as always to submit them by email to **trustenquiries@bailliegifford.com** or call 0800 917 2112.

Karl Sternberg
Chairman
17 June 2021

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The Managers' Core Investment Beliefs

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

Active Management

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

Committed Growth Investors

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

Long-Term Perspective

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

Dedicated Team with Clear Decision-making Process

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

Portfolio Construction

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

Low Cost

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

* For a definition of terms used see Glossary of Terms and Alternative Performance Measures at the end of this announcement.

Managers' Report

Background

While we are reporting on the twelve months to the end of April 2021, it is more useful to stretch our time horizon back to the Autumn of 2019, prior to the pandemic. At the time of the Interim Report of 31 October 2019, the Company's NAV was 861.0p and equity markets were around 10 years into the long recovery from the 2008–9 financial crisis. We had already started withdrawing from 'Cyclical Growth' holdings and re-cycling the proceeds into other areas of the portfolio. We did not foresee the calamitous collapse in the world economy that was precipitated by Covid-19, but we felt a decade into a cyclical rebound there were companies that were more vulnerable if, and when, that recovery stalled.

The Company's NAV hit a low of 721.3p in mid-March 2020, just prior to the period under review, and then bounced to 875.6p by the end of April 2020. From this point, the NAV rose very strongly to end the financial year at 1,358.1p in April 2021 (total return +55.5%). The strong recovery from the low has been driven by fundamental performance from what might broadly be called technology companies. These companies are profiting from the move from offline to online, from physical to virtual, from educated guesswork to data driven science.

While we pay no heed to economic indicators, it is useful to note that during 2020 the world economy went through its biggest economic shock since the Second World War. Real GDP fell 3.3% according to the IMF, this compares to the 0.6% decline recorded in 2009[1] . We are emerging from a quite unprecedented period. We salute the stoicism of health workers, front line workers, scientists, teachers and many more who have had their worlds turned upside down by the coronavirus yet have adapted and continued to work through this very challenging period.

Looking back on this roller-coaster ride, what has been consistent is our approach, albeit we have continued to work from home so that the approach to meeting company management, colleagues and other external parties has had to adapt. The swift move online for the office environment has been replicated in many other parts of the global economy and this has positively impacted many of the portfolio holdings who were already used to selling goods and services in a virtual world. Above all, we have retained a long-term and optimistic viewpoint.

Performance

Consistent with that long-term perspective, we look back to the performance of the 6 years since the Global Alpha team took over the management of The Monks Investment Trust. Over this period, we have delivered a cumulative NAV total return of +184.1%* (share price +229.9%*) compared to the comparative index (FTSE World) which is up +107.6%*. The year to April 2021 significantly enhanced these long-term numbers with the NAV total return rising by 55.5%* against the comparative index which increased by 33.9%*.

The last 12 months have been exceptional for stock markets, with May 2020 coinciding with the early stages of a very strong recovery from the bottom of the pandemic sell-off. Of the top ten positive contributors to performance, in sterling terms, two rose four-fold (Tesla and Sea Limited), one rose three-fold (Farfetch) and three more rose two-fold (Meituan Dianping, Trupanion and Zillow Group). The top ten also featured established winners, Alibaba (through SoftBank), Amazon, Shopify and Alphabet.

The portfolio has prospered from owning these stocks and many others which are beneficiaries of commerce moving online. We think the move from bricks and mortar to digital will take many years so many of these companies are still in the early stages of penetrating vast new markets. For example, ecommerce in the US rose from 11% before the pandemic to 16% currently but will not level out until it is 50–60% so can grow at strong rates for many years.

Tesla is an exceptional company with a maverick leader. It was the most significant contributor to 12-month performance as it continued its march to dominance in the automobile world. Despite factory shutdowns during the pandemic, the company increased production by over 30% to 500,000 vehicles. It will soon have capacity to manufacture 1.5 million vehicles in California, Berlin and Shanghai and it is building a plant in Texas that will be the main production location for the Tesla Semi (truck) and Cybertruck (pickup). Whilst traditional auto makers are now

[1] World Economic Outlook, April 2021: Managing Divergent Recoveries (imf.org)_text.pdf

producing electric vehicles at scale, we think Tesla's technology lead is very significant and there are interesting options around solar power and autonomous driving where Tesla also has a leading edge.

The consistent theme in the remainder of the top ten positive contributors is the move online. As noted, these are a combination of established ecommerce companies (Amazon, Shopify, Alphabet, Alibaba via SoftBank) as well as companies in niche or emerging areas of virtual consumption. Sea Limited is a gaming, ecommerce and payments company operating in South East Asia. Sea has backing from Tencent which operates similar platforms in China and in which we have invested for over a decade through Naspers. Luxury goods companies have traditionally been cautious about selling products through online portals but the pandemic may have changed that as many of their traditional distribution routes (airport duty free, travel) have been closed. A beneficiary of this trend has been British-Portuguese portal, Farfetch which has quickly established itself as the online luxury shopping destination.

The top contributors are rounded off by China's largest food-delivery and local services company Meituan Dianping, a company that provides medical insurance for pets in Trupanion and another US company which is disrupting the domestic property market – Zillow.

It is worth commenting upon SoftBank. This is a Japanese holding company run by a maverick who rivals Tesla's Mr Musk. We commented upon the purchase of SoftBank in last year's report at which point we had just taken an initial position when SoftBank was trading at around a 50% discount to its net asset value. Its leader, Masayoshi Son may have struck one of the greatest deals in history when he paid US$20 million for a 30% stake in Alibaba in 1999. At the time of our own purchase of SoftBank last year, we sold down some of the stake in Alibaba to buy the SoftBank position. This trade has worked well as the discount to net asset value for SoftBank has narrowed considerably whilst at the same time Alibaba has suffered from regulatory concerns and the cancellation of the valuable Ant Financial IPO. Monks also holds a small stake in Ant Financial which continues to be private. Towards the end of the year, we trimmed the position in SoftBank, having seen the share price almost double in just over 12 months.

The portfolio was fortunate to have very little exposure to the front line of the pandemic – travel, oil and gas, traditional retail and property. The top ten detractors from performance are an eclectic group. They include two large Japanese financials, Sumitomo Mitsui Trust and MS&AD Insurance whose potential insurance losses have led us to sell during the period and two companies exposed to commodity prices in Kirby (a US inland barge operator, also sold) and Orica (explosives). There are a number of disruptive Chinese companies – the recently purchased Li Auto (which we hope could turn out to be China's Tesla), Brilliance Automotive (the manufacturer and distributor of BMW cars in China) and Ping An Health and Technology (a telemedicine company). We have high hopes for telemedicine; most simple medical problems can be diagnosed quickly and efficiently via an online consultation and Ping An uses a significant level of artificial intelligence to aid the on-screen doctors.

The remaining significant detractors are LendingTree (US online financial services, which suffered a pause in activity during lockdowns), Just Eat Takeaway (which we sold as it was ceding market share) and a newer purchase, Oscar Health. The latter is a disruptive health insurer using insightful and personal data to better price its customers' risk. Oscar's customer base rose by 75% in 2020.

In between these performance outliers, a vast swathe of other companies have produced strong results during the period. Many of these one might class as more traditional – TSMC (semi-conductors), Arthur J. Gallagher (insurance), Martin Marietta (construction materials) and MasterCard (credit cards). Whilst the online disruptors provide a lot of excitement, we do not lose sight of the fact that Monks benefits from balance and diversity across its stock holdings and this is an aspect we have been thinking of carefully as we look out over the next five years and beyond, which is our typical time horizon.

Portfolio Changes

The most significant changes over the longer term have been the reduction in the Cyclical Growth category and increase in Rapid Growth companies. At April 2015, Rapid accounted for around 22% and has now increased to 52%. Cyclical started at 31% six years ago and is now around half that level (16%).

In the last 12 months, portfolio turnover remained the same at 16%. In total there were 30 new purchases and 24 complete sales, with the activity being weighted to the first six months of the period (i.e. May-October 2020) when the opportunities of the pandemic sell off were at their most significant.

Whilst everything we do is driven by bottom-up stock picking and the individual circumstances of the companies it helps to make sense of quite a long list of trading activity by talking to some broader themes. The growth in the weight of Rapid holdings has been the result of a number of moving parts.

First, over time we have reduced our positions in the mega-platforms notably Alibaba, Amazon, Alphabet, Facebook, Tesla and Visa. We sold Visa in the first half of 2020 after achieving consistent growth for many years with the tailwind of commerce moving online. We continue to have exposure through MasterCard.

Second, some of the proceeds of these reductions have been re-invested in a new wave of digital companies, so in payments rather than owning Visa we now have Adyen and Stripe. We sold SAP as an incumbent software company and purchased a number of digital 'natives' which don't have the baggage of legacy businesses which could act as a brake on growth – these include Twilio (customer communications), Cloudflare (web performance and security), Datadog (monitoring of cloud software platforms), and Snowflake (data platforms and analysis). The Cloud is one of the most important technology leaps since the personal PC became mainstream in the mid 1980s. New online entrants looking to disrupt traditional businesses now have very low barriers to entry, as a key raw material in data and storage can be rented cheaply from day one. We think these companies have huge growth opportunities if they can go on to dominate in their respective niches.

Third, also within the Rapid Growth category, we have continued to add healthcare stocks. These include Moderna (mRNA technology), Exact Sciences (molecular diagnostics), Staar Surgical (implantable lenses), Oscar Health (insurance), and Certara (biosimulation in drug discovery). We also sold one successful healthcare investment, Seagen (formerly Seattle Genetics) as its price reached our estimate of long-term fair value.

Fourth, we have purchased some fast-growing personal consumption and entertainment businesses such as Bumble (online dating), ByteDance (the owner of TikTok), Wayfair (online furniture), Epic Games (computer games such as Fortnite), Tencent Music Entertainment (China's Spotify) and IAC/Interactive. The latter is a holding company headed by Barry Diller. Mr Diller has a strong history of incubating and then spinning off successful online companies and the current holdings include ANGI (home services such as plumbing, lawncare), and Vimeo (a video platform).

The last factor that has boosted the weight of Rapid Growth holdings has been share price performance, which we referenced above. Such significant gains, even when accompanied by fast revenue growth, do lead us to consider the balance of the portfolio and since early 2020 we have been looking to identify a more diverse set of exposures. These include the purchase of high-quality Stalwart companies which we had admired for a long time and where the pandemic sell-off provided an entry point. They are household names in adidas (branded sportswear), Estée Lauder (cosmetics) and S&P Global Inc (formerly Standard and Poors, a financial ratings agency).

After a crisis, capital gets withdrawn from certain industries so we have sought out companies that can improve their market positions and emerge stronger. These include Lyft (ride sharing), Bookings Holdings (the dominant online travel agent), Rio Tinto (mining), and Wizz Air (a low-cost airline mainly operating in Eastern Europe). We have also added to Ryanair which the portfolio has owned for many years and will benefit from a further retrenchment of its competitors.

The complete sales in the portfolio have made way for many of the stocks mentioned above. As well as selling Kirby and Orica with commodity exposure we also sold MRC Global and DistributionNOW (both suppliers to the energy industry), and Ferro-Alloy Resources (a Vanadium miner). We sold GrubHub and Just Eat Takeaway as we have settled on Doordash being the potential winner in food delivery. Sales also include companies whose shares have done well and are now more expensive in the context of their fundamentals such as earnings per share – Chipotle Mexican Grill, and Waters (scientific instruments).

Governance and Sustainability

The Chairman has referred to this important area. Our wider team has a dedicated Governance and Sustainability (G&S) analyst, and Baillie Gifford's broader research department has over twenty full time G&S personnel dedicated to engagement, research, and proxy voting. Our starting point is that we only buy companies that we feel have strong foundations and will need nudging towards even better standards rather than frequent or public criticism. We think it achieves more in the long term to tend to be a supportive shareholder, so we don't start with bad companies and plan to make them better.

We want to back and encourage ambition amongst the companies that we own for you. This requires understanding of an individual company and the patience to engage. We get good access to management by being a supportive long-term holder who can hold significant stakes in companies. This access brings engagement, which in turn helps us encourage behaviours that support all stakeholders in a business. Just as we invest for the long term, we encourage the investee companies to do the same. We are prepared to be tough with companies and their management teams, continuing to own and engage rather than sell because they do not fit a narrow quantitative model which purports to measure Environmental, Social and Governance factors precisely.

If corporate behaviour is not progressive, we will sell but only after engagement has been fulsome and clear. We have done this over the last 12–18 months with Jefferies Financial Group (formerly Leucadia) which we have ultimately sold. When we bought the company in 2015, we felt we had identified an investment bank with a management team which was much better aligned than the average in that industry. For example, by 2020 the CEO (Rich Handler) and President (Brian Friedman) had a combined 9% ownership and have never sold a share other than for charity purposes. During our ownership Jefferies had re-organised itself from a holding company into a purer-play investment bank. This generated value but the banking business was subject to rising costs (compensation) as the M&A cycle extended.

One of our five core ESG beliefs is 'Long-term focused remuneration with stretching targets[2]'. When the remuneration committee saw fit to pay management cash bonuses despite missing a key target for ROE, we engaged with the committee chairperson. This call demonstrated a lack of independence, and when challenged it became apparent that the cash awards were partly to help the executives pay tax bills for unvested share awards. We opposed the re-election of the chairperson, and the compensation plan. The latter was 31% opposed and we sold the shares after the post pandemic recovery. Overall, Jefferies has not been a good investment and it shows the importance of corporate culture to the success of a business.

A more encouraging engagement took place during the year with Service Corp International. As America's largest chain of undertakers, it was very much on the front line during the pandemic. This is a company we are still getting to know, having purchased it in 2018. Since then we have been engaging with the company and have good progress to report. We spoke to the CEO and CFO about changes to the proxy statement and the operational impact of Covid-19.

In 2019, we requested greater board refreshment and changes to executive remuneration. The company has made progress on both fronts. Average director tenure has fallen from 24 to 16 years. A balance is being struck between fresh challenge and deep domain expertise. With regards to pay, we are delighted that they have introduced customer satisfaction metrics into the short-term remuneration plan and an above midcap-average return on equity trigger to the long-term incentive plan (LTIP). There remains more to go with the LTIP and we have asked for further recommendations to be put to the compensation committee.

The discussion during the pandemic revealed the extraordinary steps Service Corp has taken in the fight against Covid-19. For example, it suspended all planned price increases, wishing to do right by society rather than pursue profit maximisation. We fully support this policy. Many industry participants are small, independent undertakers who are struggling to adapt – in some cases they 'stopped answering the phone'. Service Corp has stepped in, deploying assets and people to areas most in need. This conversation left us increasingly impressed at the culture of the organisation and the management team's care of staff, the communities they serve and the long-term sustainability of the business.

Further examples of our engagement with companies can be seen in the Monks Stewardship Report 2020, which is available on the Company's page of the Baillie Gifford's website, under 'Documents' and 'Investment Intelligence'.

[2] The other four are: Prioritisation of long-term value creation, A constructive and purposeful board, Fair treatment of stakeholders and Sustainable business practices.

Management Team

In May 2020, we announced that Charles Plowden would retire from Baillie Gifford at the end of April 2021 which coincided with the Monks year end. Charles has been a fount of wisdom and wit for nearly four decades while at Baillie Gifford and was instrumental in the Monks portfolio changes since 2015 which have driven excellent returns and healthy demand for Monks shares. We are grateful for the many insights he has shared with us since we started working together on the Global Alpha team in 2005. Above all, he has made sure that we can sustain his legacy by leaving in place a team of diverse thinkers for the management of Monks Investment Trust.

In anticipation of Charles' retirement, we have strengthened the team which supports the managers. That team was five people when we took on responsibility for Monks in 2015, and today it is seven. The new investment manager, Spencer Adair, has 21 years' experience. Deputy manager, Malcolm MacColl, has 22 years' experience and both have worked together as Monk's deputies for six years.

Outlook

We look forward not backwards, we expect change not stasis. It is understandable that many are alighting on the post-pandemic phase as a turning point for stock markets but we think it more likely that it accelerates the trends we are backing through careful stock selection. We are growth investors, we concede we have enjoyed a tailwind in the last few years but we also feel strongly that ambitious companies will continue to drive stock market returns and our focus should be on identifying those that have that potential.

Each year we write the Monks Research Agenda, which shapes how we approach certain aspects of our research. Whilst bottom-up stock picking dominates our approach, the agenda can lead us on journeys that help us find the stocks that will generate long-term returns. This year we are continuing to focus on new areas that technology has not yet touched – healthcare, education, real estate and energy. We are also thinking of the next stage of development of online services; we referred to this above in our comments about the cloud being one of the most significant evolutions of the last forty years. We continue to look at ensuring companies do the right thing by society and trying to understand the implications of the great energy transition as solar and wind energy potentially drive energy costs down while at the same time allowing entities around the world to reach carbon neutral or zero carbon targets.

Whilst these trends may endure for a decade or more, we remain pragmatic and opportunistic in shaping the portfolio around a range of growth companies that might prosper as cycles change. Above all, optimism is built into our DNA and we look forward to seeking the changes that can provide further profitable investments.

Spencer Adair
Malcolm MacColl
17 June 2021

* Total returns from 31 March 2015 to 30 April 2021.

Past performance is not a guide to future performance.

Total return information is sourced from Baillie Gifford/Refinitiv. See disclaimer at the end of this announcement.

For a definition of terms used see Glossary of Terms and Alternative Performance Measures at the end of this announcement.

The Monks Investment Trust PLC

Investment Portfolio by Growth Category* as at 30 April 2021

Holding Size	Growth Stalwarts (c.10% p.a. earnings growth)	%	Rapid Growth (c.15% to 25% p.a. earnings growth)	%	Cyclical Growth (c.10% to 15% p.a. earnings growth through a cycle)	%	Latent Growth (earnings growth to accelerate over time)	%
	Company Characteristics — Durable franchise — Deliver robust profitability in most macroeconomic environments — Competitive advantage includes dominant local scale, customer loyalty and strong brands		Company Characteristics — Early stage businesses with vast growth opportunity — Innovators attacking existing profit pools or creating new markets		Company Characteristics — Subject to macroeconomic and capital cycles with significant structural growth prospects — Strong management teams highly skilled at capital allocation		Company Characteristics — Company specific catalyst will drive above average earnings in future — Unspectacular recent operational performance and therefore out of favour	
Highest conviction holdings c.2.0% each Total: 32.9%	Moody's Microsoft Prudential Anthem Mastercard AIA	1.9 1.8 1.8 1.7 1.7 1.6	The Schiehallion Fund† Naspers Amazon.com Alphabet Sea Limited Shopify Meituan Dianping Alibaba Tesla	3.8 2.7 2.3 1.9 1.8 1.6 1.6 1.5 1.5	Martin Marietta Materials	1.8	Ryanair	1.9
Average sized holdings c.1.0% each Total: 39.1%	Pernod Ricard Arthur J. Gallagher Facebook Olympus Estée Lauder S&P Global Thermo Fisher Scientific Resmed Sysmex Broadridge Financial Solutions adidas Service Corporation International	1.3 1.3 1.3 1.2 1.1 0.9 0.8 0.8 0.8 0.7 0.7 0.7	Farfetch Trupanion Ping An Insurance Moderna Cloudflare Lemonade The Trade Desk Zillow Prosus MercadoLibre HDFC Reliance Industries Alnylam Pharmaceuticals Denali Therapeutics CyberAgent M3 Novocure Teladoc	1.3 1.0 1.0 0.9 0.9 0.9 0.9 0.9 0.9 0.8 0.8 0.8 0.7 0.7 0.7 0.7 0.7 0.7	TSMC CRH Booking Holdings Teradyne Albermarle Advantest SiteOne Landscape Supply Atlas Copco	1.3 1.1 1.0 0.9 0.9 0.8 0.8 0.7	BHP Billiton Rio Tinto CBRE SoftBank	1.4 1.4 1.1 0.8

The Monks Investment Trust PLC

Investment Portfolio by Growth Category* as at 30 April 2021 (Ctd)

Holding Size	Growth Stalwarts	%	Rapid Growth	%	Cyclical Growth	%	Latent Growth	%
	(c.10% p.a. earnings growth)		(c.15% to 25% p.a. earnings growth)		(c.10% to 15% p.a. earnings growth through a cycle)		(earnings growth to accelerate over time)	
Incubator Holdings c.0.5% each	CoStar	0.4	Sensyne Health	0.6	EOG Resources	0.6	IAC/Interactivecorp	0.6
	Hoshizaki Corp	0.3	Illumina	0.6	SMC	0.6	Sberbank of Russia	0.5
			Axon Enterprise	0.6	Charles Schwab	0.6	Howard Hughes	0.5
Total: 28.0%			Appian	0.6	Richemont	0.6	Fairfax Financial	0.4
			Adyen	0.6	Markel	0.6	Stericycle	0.4
			ByteDance	0.6	Epiroc	0.6	Toyota Tsusho	0.3
			Chegg	0.6	Lyft	0.5	Silk Invest Africa Food Fund	0.2
			Schibsted	0.6	Deutsche Boerse	0.5	Brilliance China Automotive	0.2
			Certara	0.6	Wizz Air Holdings	0.4		
			Bumble	0.5	Sands China	0.4		
			Netflix	0.5	Hays	0.3		
			Renishaw	0.5	Wabtec	0.3		
			Spotify	0.5	PageGroup	0.3		
			Epic Games	0.5	Orica	0.2		
			Twilio	0.5				
			Doordash	0.5				
			Wayfair	0.5				
			ICICI Bank	0.5				
			Genmab	0.4				
			Exact Sciences	0.4				
			Abiomed	0.4				
			Tencent Music Entertainment	0.4				
			iRobot	0.4				
			Staar Surgical	0.4				
			Datadog	0.4				
			ICICI Prudential Life Insurance	0.4				
			GRAIL	0.4				
			B3 Group	0.4				
			Autohome	0.4				
			Li Auto	0.4				
			Ant International	0.4				
			Ping An Healthcare & Technology	0.3				
			Interactive Brokers Group	0.3				
			Mail.ru Group	0.3				
			Oscar Health	0.3				

The Monks Investment Trust PLC

Investment Portfolio by Growth Category* as at 30 April 2021 (Ctd)

Holding Size	Growth Stalwarts	%	Rapid Growth	%	Cyclical Growth	%	Latent Growth	%
	(c.10% p.a. earnings growth)		(c.15% to 25% p.a. earnings growth)		(c.10% to 15% p.a. earnings growth through a cycle)		(earnings growth to accelerate over time)	
			Ubisoft Entertainment	0.3				
			Adevinta Asa	0.2				
			LendingTree	0.2				
			Istyle	0.2				
			KE Holdings	0.2				
			Snowflake	0.2				
			Space Exploration Technologies	0.1				
			Stripe	<01				
	Total	22.8		51.7		15.8		9.7

* Excludes net liquid assets.

† Combined ordinary and C share holdings.

The Monks Investment Trust PLC

Portfolio Positioning as at 30 April 2021

Thematic Exposure

Category	At 30 April 2021 %	%
Developed Market Growth		15.7
Consumer Demand/Employment		5.5
Industrial Demand		4.3
Carbon Heavy		3.0
Capital Markets/Asset Inflation		2.9
Developing Economies		15.3
Emerging Markets Middle Classes		10.1
EM Financial Development	6.0	
EM Consumer Catch-up	4.1	
Carbon Heavy		4.0
Lending/Underwriting Risk		0.9
Industrial Demand		0.3
New Economy		50.3
Platform Crush		14.3
Regulation/Anti-trust		10.7
Innovation/Transformational Health		9.1
Transformative/Unproven Model		5.6
Enterprise Cloud		4.0
Innovation/Chips		2.9
Other		3.7
Economically Agnostic		15.5
High Valued Compounders		10.0
Idiosyncratic		3.2
Insurance Cycle		2.3
Net Liquid Assets		3.2
Total Assets		100.0

Portfolio Positioning as at 30 April 2021 (Ctd)

Geographical Analysis

	At 30 April 2021 %	At 30 April 2020 %
North America	49.7	48.6
Continental Europe	10.5	12.2
Emerging Markets	14.9	17.6
United Kingdom	11.6	7.3
Japan	6.2	9.9
Developed Asia	3.9	3.5
Net Liquid Assets	3.2	0.9
Total Assets	100.0	100.0

Sectoral Analysis

	At 30 April 2021 %	At 30 April 2020 %
Energy	1.4	2.0
Basic Materials	3.7	1.7
Industrials	9.6	12.9
Consumer Staples	1.3	2.2
Healthcare	13.5	15.8
Consumer Discretionary	19.3	17.5
Financials	20.2	22.0
Technology	23.6	21.3
Telecommunications	0.8	1.6
Real Estate	3.0	1.6
Utilities	0.4	0.5
Total Investments	96.8	99.1
Net Liquid Assets	3.2	0.9
Total Assets	100.0	100.0

The Monks Investment Trust PLC

List of Investments at 30 April 2021

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities					
The Schiehallion Fund*	Global unlisted growth equity investment trust	Rapid	63,080	1.9	
The Schiehallion Fund – C Shares*	Global unlisted growth equity investment trust	Rapid	61,366	1.8	
			124,446	3.7	
Naspers	Media and ecommerce company	Rapid	87,615	2.6	
Amazon.com	Online retailer	Rapid	75,975	2.3	
Alphabet	Online search engine	Rapid	62,891	1.9	
Ryanair	Low cost European airline	Latent	61,113	1.8	
Moody's	Credit rating agency	Stalwart	60,017	1.8	
Sea Limited	Online and digital gaming	Rapid	59,062	1.8	
Microsoft	Software and cloud computing enterprise	Stalwart	58,559	1.8	
Martin Marietta Materials	Cement and aggregates manufacturer	Cyclical	58,423	1.7	19.4
Prudential	International life insurance	Stalwart	57,656	1.7	
Anthem	Healthcare insurer	Stalwart	56,233	1.7	
MasterCard	Electronic payments network and related services	Stalwart	54,786	1.6	
AIA	Asian life insurer	Stalwart	52,712	1.6	
Shopify	Online commerce platform	Rapid	52,317	1.6	
Meituan Dianping	Online commerce platform	Rapid	51,041	1.5	
Alibaba	Online commerce company	Rapid	48,729	1.5	
Tesla	Electric cars and renewable energy solutions	Rapid	47,670	1.4	
BHP Billiton	Mineral exploration and production	Latent	45,719	1.4	
Rio Tinto	Global commodities businesses	Latent	45,536	1.4	34.8
Farfetch	Online fashion retailer	Rapid	42,460	1.3	
TSMC	Semiconductor manufacturer	Cyclical	42,214	1.3	
Pernod Ricard	Global spirits manufacturer	Stalwart	42,065	1.3	
Arthur J. Gallagher	Insurance broker	Stalwart	41,936	1.3	
Facebook	Social networking website	Stalwart	40,897	1.2	
Olympus	Optoelectronic products	Stalwart	39,701	1.2	
CRH	Diversified building materials company	Cyclical	36,619	1.1	
CBRE Group	Commercial real estate operator	Latent	35,991	1.1	
Estée Lauder	Global cosmetic brands business	Stalwart	35,122	1.0	
Trupanion	Pet health insurance provider	Rapid	32,224	1.0	46.6
Ping An Insurance	Chinese life insurer	Rapid	32,079	1.0	
Booking Holdings	Online travel agency	Cyclical	30,929	0.9	
Moderna	Drug discovery using mRNA technology	Rapid	30,477	0.9	
Cloudflare	Cloud based IT services business	Rapid	30,328	0.9	
Lemonade	Data and insurance company	Rapid	29,996	0.9	
The Trade Desk	Advertising technology company	Rapid	29,712	0.9	
Teradyne	Semiconductor testing equipment manufacturer	Cyclical	28,906	0.9	
Zillow	US online real estate services	Rapid	28,797	0.9	
Prosus	Media and ecommerce company	Rapid	28,498	0.9	
Albemarle	Speciality chemicals	Cyclical	28,154	0.8	55.6
S&P Global	Global credit rating agency	Stalwart	27,701	0.8	
MercadoLibre	Latin American ecommerce platform	Rapid	27,197	0.8	
HDFC	Indian mortgage provider	Rapid	27,133	0.8	
Advantest	Semiconductor testing services	Cyclical	26,235	0.8	

List of Investments at 30 April 2021 (Ctd)

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities (Ctd)					
Thermo Fisher Scientific	Scientific instruments, consumables and chemicals	Stalwart	26,221	0.8	
SoftBank Group	Technology focused investment group	Latent	26,055	0.8	
Resmed	Develops and manufactures medical equipment	Stalwart	25,658	0.8	
Sysmex	Medical testing equipment	Stalwart	25,266	0.8	
Reliance Industries	Indian energy conglomerate	Rapid	25,052	0.7	
SiteOne Landscape Supply	US distributor of landscaping supplies	Cyclical	24,580	0.7	63.4
Broadridge Financial Solutions	Provides technology based solutions to the financial services industry	Stalwart	23,912	0.7	
adidas	Sports apparel manufacturer	Stalwart	23,295	0.7	
Alnylam Pharmaceuticals	RNA interference based biotechnology	Rapid	23,066	0.7	
Atlas Copco	Industrial equipment	Cyclical	23,036	0.7	
Denali Therapeutics	Early stage biotech company	Rapid	22,215	0.7	
CyberAgent	Japanese internet advertising and content	Rapid	22,091	0.7	
M3	Online medical services	Rapid	21,869	0.7	
Service Corporation International	Death care services	Stalwart	21,753	0.7	
Novocure	Biotechnology company focusing on solid tumour treatment	Rapid	21,473	0.6	
Teladoc	Healthcare services provider	Rapid	21,259	0.6	70.2
Sensyne Health	Healthcare technology company	Rapid	20,944	0.6	
Illumina	Gene sequencing business	Rapid	20,580	0.6	
EOG Resources	Natural gas explorer and producer	Cyclical	20,122	0.6	
Axon Enterprise	Manufacturer of law enforcement devices	Rapid	20,112	0.6	
SMC	Producer of factory automation equipment	Cyclical	19,957	0.6	
Appian	Enterprise software developer	Rapid	19,910	0.6	
Charles Schwab	Online savings and trading platform	Cyclical	19,893	0.6	
Richemont	Luxury goods company	Cyclical	19,862	0.6	
Markel	Markets and underwrites speciality insurance products	Cyclical	19,395	0.6	
Adyen	Digital payments	Rapid	18,790	0.6	76.2
ByteDance[u]	Online content platform including TikTok	Rapid	18,285	0.5	
Chegg	Online educational platform	Rapid	18,253	0.5	
Epiroc	Construction and mining machinery	Cyclical	18,189	0.5	
Schibsted	Media and classified advertising platforms	Rapid	18,175	0.5	
IAC/Interactivecorp	Holding company for online properties	Latent	18,143	0.5	
Certara	Drug discovery and development company	Rapid	18,092	0.5	
Bumble	Dating application	Rapid	17,369	0.5	
Netflix	Subscription service for TV shows and movies	Rapid	17,284	0.5	
Renishaw	World leading metrology company	Rapid	17,249	0.5	
Spotify	Online music streaming service	Rapid	17,148	0.5	81.2
Epic Games[u]	Gaming software developer	Rapid	16,925	0.5	
Twilio	Cloud based communications platform	Rapid	16,925	0.5	
Doordash	Online commerce platform	Rapid	15,887	0.5	
Wayfair	Online home furnishings business	Rapid	15,880	0.5	
Sberbank of Russia	Russian commercial bank	Latent	15,501	0.5	
Lyft	Ride hailing platform	Cyclical	15,437	0.5	
Howard Hughes	US real estate developer	Latent	14,703	0.4	
ICICI Bank	Indian retail and corporate bank	Rapid	14,673	0.4	
Deutsche Boerse	Stock exchange operator	Cyclical	14,594	0.4	
Genmab	Biotechnology company	Rapid	14,543	0.4	85.8
Fairfax Financial	Commercial insurance	Latent	14,543	0.4	
Stericycle	Regulated medical waste management services	Latent	14,538	0.4	
Exact Sciences	Cancer detection and treatment	Rapid	14,255	0.4	

List of Investments at 30 April 202 (Ctd)

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities (Ctd)					
Wizz Air Holdings	Low-cost East European airline	Cyclical	14,025	0.4	
Abiomed	Medical implant manufacturer	Rapid	13,849	0.4	
Tencent Music Entertainment	Online music streaming and social media	Rapid	13,561	0.4	
CoStar	Commercial property portal	Stalwart	13,510	0.4	
Sands China	Macau casino operator	Cyclical	13,368	0.4	
iRobot	Domestic and military robot manufacturer	Rapid	13,028	0.4	
Staar Surgical	Implantable contact lenses	Rapid	12,978	0.4	89.8
Datadog	Cloud based IT system monitoring application	Rapid	12,730	0.4	
ICICI Prudential Life Insurance	Life insurance services	Rapid	12,723	0.4	
GRAIL[u]	Blood testing for early cancer detection	Rapid	11,979	0.4	
B3 Group	Brazilian stock exchange operator	Rapid	11,714	0.4	
Autohome	Chinese online automobile website	Rapid	11,680	0.3	
Li Auto	Electric cars with a focus on China	Rapid	11,555	0.3	
Ant International[u]	Chinese online payments and financial services business	Rapid	11,494	0.3	
Ping An Healthcare & Technology	Chinese telemedicine business	Rapid	11,301	0.3	
Toyota Tsusho	African auto distributor	Latent	11,136	0.3	
Hays	Recruitment consultancy	Cyclical	10,975	0.3	93.2
Interactive Brokers Group	Global electronic trading platform	Rapid	10,725	0.3	
Wabtec	Rail and transit products and services	Cyclical	10,549	0.3	
Mail.ru Group	Russian internet and communication services	Rapid	10,253	0.3	
Oscar Health	Disruptive personal insurance provider	Rapid	10,106	0.3	
Ubisoft Entertainment	Game development platform	Rapid	9,257	0.3	
Hoshizaki Corp	Commercial kitchen equipment manufacturer	Stalwart	8,717	0.3	
PageGroup	Recruitment consultancy	Cyclical	8,214	0.2	
Adevinta Asa	Media and classified advertising platforms	Rapid	7,156	0.2	
Silk Invest Africa Food Fund	Africa focused private equity fund	Latent	6,065	0.2	
LendingTree	US online loan marketplace	Rapid	5,960	0.2	95.8
Orica	Australian industrial explosives company	Cyclical	5,739	0.2	
Istyle	Japanese cosmetics business	Rapid	5,544	0.2	
Brilliance China Automotive#	Manufacture and sale of minibuses and automotive components	Latent	5,163	0.2	
KE Holdings	Chinese real estate portal	Rapid	5,028	0.2	
Snowflake	Cloud based data insight application	Rapid	4,974	0.1	
Space Exploration Technologies[u]	Space rockets and satellites	Rapid	3,033	0.1	
Stripe[u]	Payments platform	Rapid	1,213	<0.0	
Total Investments†			**3,238,130**	**96.8**	
Net Liquid Assets†			106,638	3.2	
Total Assets†			**3,344,768**	**100.0**	

[u] Denotes unlisted (private company) investment.

Suspended investment.

† For a definition of terms used see Glossary of Terms and Alternative Performance Measures at the end of this announcement.

* The Schiehallion Fund is managed by Baillie Gifford. The Company's holdings in The Schiehallion Fund are excluded from its assets when calculating the management fee. See note 3 to the Financial Statements. The ordinary and C share portfolios of The Schiehallion Fund are managed as distinct investment pools, until such time as the C shares are converted into ordinary shares.

Income statement

	For the year ended 30 April 2021			For the year ended 30 April 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments (note 2)	-	1,069,700	1,069,700	-	50,247	50,247
Currency gains/(losses)	-	1,916	1,916	-	(1,277)	(1,277)
Income	22,529	-	22,529	26,691	-	26,691
Investment management fee (note 3)	(10,011)	-	(10,011)	(7,644)	-	(7,644)
Other administrative expenses	(1,656)	-	(1,656)	(1,677)	-	(1,677)
Net return before finance costs and taxation	10,862	1,071,616	1,082,478	17,370	48,970	66,340
Finance costs of borrowings	(5,027)	-	(5,027)	(6,046)	-	(6,046)
Net return on ordinary activities before taxation	5,835	1,071,616	1,077,451	11,324	48,970	60,294
Tax on ordinary activities	1,966	(958)	1,008	(2,005)	-	(2,005)
Net return on ordinary activities after taxation	7,801	1,070,658	1,078,459	9,319	48,970	58,289
Net return per ordinary share (note 4)	3.42p	469.83p	473.25p	4.24p	22.26p	26.50p
Note:						
Dividends per share paid and payable in respect of the year (note 5)	2.00p			2.50p		

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

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

A Statement of Comprehensive Income is not required as the Company does not have any other comprehensive income and the net return on ordinary activities after taxation is both the profit and total comprehensive income for the year.

The Monks Investment Trust PLC

Balance sheet

	At 30 April 2021 £'000	At 30 April 2020 £'000
Fixed assets		
Investments held at fair value through profit or loss (note 6)	3,238,130	2,088,827
Current assets		
Debtors	3,936	7,566
Cash and cash equivalents	108,723	19,537
	112,659	27,103
Creditors		
Amounts falling due within one year (note 7)	(5,063)	(112,398)
Net current assets/(liabilities)	107,596	(85,295)
Total assets less current liabilities	3,345,726	2,003,532
Creditors and Provisions		
Amounts falling due after more than one year: (note 7)		
Debenture stock	(39,940)	(39,908)
Loan notes	(99,848)	-
Provision for tax liability	(958)	-
	(140,746)	(39,908)
	3,204,980	1,963,624
Capital and reserves		
Share capital	11,823	11,178
Share premium account	262,183	94,328
Capital redemption reserve	8,700	8,700
Capital reserve	2,859,214	1,788,556
Revenue reserve	63,060	60,862
Shareholders' funds	3,204,980	1,963,624
Shareholders' funds per ordinary share (note 8) (borrowings at book value)	1,355.4p	878.4p
Net asset value per ordinary share* (borrowings at par)	1,355.3p	878.3p
Net asset value per ordinary share* (borrowings at fair value)	1,358.1p	875.6p
Ordinary shares in issue (note 9)	236,453,859	223,553,859

* See Glossary of Terms and Alternative Performance Measures at the end of this announcement.

Statement of changes in equity

For the year ended 30 April 2021

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 May 2020	11,178	94,328	8,700	1,788,556	60,862	1,963,624
Net return on ordinary activities after taxation	-	-	-	1,070,658	7,801	1,078,459
Ordinary shares issued (note 9)	645	167,855	-	-	-	168,500
Dividends paid during the year (note 5)	-	-	-	-	(5,603)	(5,603)
Shareholders' funds at 30 April 2021	11,823	262,183	8,700	2,859,214	63,060	3,204,980

For the year ended 30 April 2020

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 May 2019	10,930	48,007	8,700	1,739,586	55,592	1,862,815
Net return on ordinary activities after taxation	-	-	-	48,970	9,319	58,289
Ordinary shares issued (note 9)	248	46,321	-	-	-	46,569
Dividends paid during the year (note 5)	-	-	-	-	(4,049)	(4,049)
Shareholders' funds at 30 April 2020	11,178	94,328	8,700	1,788,556	60,862	1,963,624

* The Capital Reserve balance at 30 April 2021 includes holding gains on investments of £1,498,998,000 (2020 – gains of £643,697,000).

Cash flow statement

	Year ended 30 April 2021 £'000	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000	Year ended 30 April 2020 £'000
Cash flows from operating activities				
Net return on ordinary activities before taxation		1,077,451		60,294
Net gains on investments		(1,069,700)		(50,247)
Currency (gains)/losses		(1,916)		1,277
Finance costs of borrowings		5,027		6,046
Overseas tax incurred		(1,718)		(1,997)
Corporation tax refund		3,664		-
Changes in debtors and creditors		1,650		(148)
Cash from operations*		14,458		15,225
Interest paid		(4,547)		(6,154)
Net cash inflow from operating activities		9,911		9,071
Cash flows from investing activities				
Acquisitions of investments	(573,161)		(353,934)	
Disposals of investments	490,209		293,267	
Net cash outflow from investing activities		(82,952)		(60,667)
Cash flows from financing activities				
Equity dividends paid	(5,603)		(4,049)	
Ordinary shares issued	169,924		45,973	
Private placement debt notes issued	99,844		-	
Borrowings repaid	(99,596)		-	
Borrowings drawn down	-		1,065	
Net cash inflow from financing activities		164,569		42,989
Increase/(Decrease) in cash and cash equivalents		91,528		(8,607)
Exchange movements		(2,342)		2,225
Cash and cash equivalents at 1 May		19,537		25,919
Cash and cash equivalents at 30 April		108,723		19,537

* Cash from operations includes dividends received of £22,668,000 (2020 - £26,536,000) and interest received of £365,000 (2020 – £306,000).

Notes to the financial statements

1. The Financial Statements for the year to 30 April 2021 have been prepared in accordance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and on the basis of the accounting policies set out in the Annual Report and Financial Statements which are unchanged from the prior year and have been applied consistently.

2.

Gains on investments:	2021 £'000	2020 £'000
Realised gains on sales	**214,399**	59,956
Changes in investment holding gains	**855,301**	(9,709)
Total gains on investments	**1,069,700**	50,247

3. Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed as the Company's Alternative Investment Fund Manager (AIFM) and Company Secretary. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. Dealing activity and transaction reporting have been further sub-delegated to Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited. The annual management fee payable to Baillie Gifford & Co Limited is 0.45% on the first £750 million of total assets, 0.33% on the next £1 billion of total assets and 0.30% on the remaining total assets. For fee purposes, total assets is defined as the total value of all assets held less all liabilities (other than any liability in the form of debt intended for investment purposes) and excludes the value of the Company's holdings in The Schiehallion Fund, a closed-ended investment company managed by Baillie Gifford & Co. The Company does not currently hold any other collective investment vehicles managed by Baillie Gifford & Co. Where the Company holds investments in open-ended collective investment vehicles managed by Baillie Gifford, such as OEICs, Monks' share of any fees charged within that vehicle will be rebated to the Company. All debt drawn down during the periods under review is intended for investment purposes.

4.

Net Return per Ordinary Share	2021	2020
Revenue return	**3.42p**	4.24p
Capital return	**469.83p**	22.26p
Total return	**473.25p**	26.50p

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation of £7,801,000 (2020 – £9,319,000) and on 227,881,626 (2020 – 219,986,605) 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 £1,070,658,000 (2020 – gain of £48,970,000) and on 227,881,626 (2020– 219,986,605) 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.

5.

Ordinary Dividends	2021	2020	2021 £'000	2020 £'000
Amounts recognised as distributions in the year:				
Previous year's final (paid 4 September 2020)	**2.50p**	1.85p	**5,603**	4,049

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 £7,801,000 (2020 - £9,319,000).

Notes to the financial statements (ctd)

5.

Ordinary Dividends (Ctd)	2021	2020	2021 £'000	2020 £'000
Amounts paid and payable in respect of the financial year:				
Proposed final (payable 7 September 2021)	**2.00p**	2.50p	**4,729**	5,603

If approved, the recommended final dividend on ordinary shares will be paid on 7 September 2021 to shareholders on the register at the close of business on 30 July 2021. The ex-dividend date is 29 July 2021. The Company's Registrar offers a Dividend Reinvestment Plan and the final date for elections for this dividend is 16 August 2021.

6.

As at 30 April 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	3,039,527	129,609	-	3,169,136
Unlisted equities	-	-	68,994	68,994
Total financial asset investments	3,039,527	129,609	68,994	**3,238,130**

As at 30 April 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	2,019,786	48,052	-	**2,067,838**
Unlisted equities	-	-	20,989	**20,989**
Total financial asset investments	2,019,786	48,052	20,989	**2,088,827**

Investments in securities are financial assets held at fair value through profit or loss. In accordance with Financial Reporting Standard 102, the preceding tables provide an analysis of these investments based on the fair value hierarchy described below, which reflects the reliability and significance of the information used to measure their fair value. During the year, the Company acquired further shares in an infrequently traded listed equity investment classified as Level 2, at a book cost of £50,830,000. In addition, a listed equity investment with a fair value at the previous year end of £11,184,000 was transferred from Level 1 to Level 2 when its shares were suspended and a write-down from the last traded price was applied, to reflect the reputational impact of the suspension on the underlying business.

Fair Value Hierarchy

The fair value hierarchy used to analyse the basis on which the fair values of financial instruments held at fair value through the profit and loss account are measured is described below. Fair value measurements are categorised on the basis of the lowest level input that is significant to the fair value measurement.

Level 1 – using unadjusted quoted prices for identical instruments in an active market;
Level 2 – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and
Level 3 – using inputs that are unobservable (for which market data is unavailable).

Unlisted Investments

Unlisted investments are valued at fair value following a detailed review and appropriate challenge of the valuations proposed by the Managers. The Managers' unlisted (private company) investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). These methodologies can be categorised as follows: (a) market approach (multiples, industry valuation benchmarks and available market prices); (b) income approach (discounted cash flows); and (c) replacement cost approach (net assets). The valuation process recognises also, as stated in the IPEV Guidelines, that the price of a recent investment may be an appropriate starting point for estimating fair value, however it should be evaluated using the techniques described above.

7. Creditors falling due within one year include drawings under the following borrowing facilities:

Borrowing facilities at 30 April 2021

A 1 year £100 million unsecured floating rate revolving facility with National Australia Bank Limited, which expires 30 November 2021.

A 4 year £5 million unsecured floating rate revolving facility with Scotiabank (Ireland), with the ability to increase it to £50 million, which expires 13 March 2022.

At 30 April 2021 drawings were as follows:

National Australia Bank Limited: nil (2020 - US$124.7 million at an interest rate of 2.309%).
Scotiabank (Ireland): nil (2020 - £5 million at an interest rate of 1.72775%).

The main covenants relating to the above loans are that total borrowings shall not exceed 30% of the Company's adjusted net asset value and that the Company's minimum adjusted net asset value shall be £650 million.

Creditors and Provisions falling due after one year include the following:

- £40 million 6 3/8% debenture stock with a repayment date of 1 March 2023;
- £60 million 1.86% private placement unsecured loan notes maturing 7 August 2054;
- £40 million 1.77% private placement unsecured loan notes maturing 7 August 2045; and
- A tax liability provision of £958,000 (20 April 2020 – nil) which relates to a potential liability for Indian capital gains tax that may arise on the Company's Indian investments should they be sold in the future, based on the net unrealised taxable capital gains at the period end and on enacted Indian tax rates.

Par, Book and Fair Value of Borrowings	2021 Par value £'000	2021 Book value £'000	2021 Fair value £'000	2020 Par value £'000	2020 Book value £'000	2020 Fair value £'000
Bank loans due within one year	-	-	-	103,854	103,854	103,854
6 3/8% debenture stock 2023	**40,000**	**39,940**	**43,207**	40,000	39,908	46,000
Series A Notes 1.86% 2054	**60,000**	**59,898**	**54,302**	-	-	-
Series B Notes 1.77% 2045	**40,000**	**39,950**	**36,015**	-	-	-
	140,000	139,788	133,524	143,854	143,762	149,854

8. Shareholders' Funds per ordinary share

	2021	2020
Shareholders' funds	£3,204,980,000	£1,963,624,000
Number of ordinary shares in issue at the year end	236,453,859	223,553,859
Shareholders' funds per ordinary share	1,355.4p	878.4p

The shareholders' funds figures above have been calculated after deducting borrowings at book value, in accordance with the provisions of FRS 102. The net asset value figures shown in the Balance Sheet and in the Glossary of Terms and Alternative Performance Measures have been calculated after deducting borrowings at either par value or fair value. Reconciliations between shareholders' funds and both NAV measures are shown in the Glossary of Terms and Alternative Performance Measures at the end of this announcement.

9. In the year to 30 April 2021, the Company issued 12,900,000 ordinary shares (nominal value of £645,000) at a premium to net asset value, raising net proceeds of £168,500,000 (2020 – £46,569,000). No shares were bought back during the year and no shares are held in treasury. At 30 April 2021 the Company had authority to buy back 33,559,440 shares and to allot or sell from treasury 10,417,885 ordinary shares without application of pre-emption rights. Under the provisions of the Company's Articles of Association share buy-backs are funded from the capital reserve.

10. Transaction costs on purchases amounted to £714,000 (2020 - £338,000) and transaction costs on sales amounted to £192,000 (2020 - £145,000).

11. The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 April 2021 or 2020 but is derived from those accounts. Statutory accounts for 2020 have been delivered to the Registrar of Companies and those for 2021 will be delivered in due course. The auditor has reported on these accounts; the reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

12. **Related Parties and Transaction with the Manager**

    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.

    Details of the management fee arrangements are included in note 3 above.

13. The Report and Accounts will be available on the Managers' website www.monksinvestmenttrust.co.uk‡ on or around 1 July 2021.

‡ Neither the contents of the Managers' website nor the contents of any website accessible from hyperlinks on the Managers' website (or any other website) is incorporated into, or forms part of, this announcement.

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

Glossary of Terms and Alternative Performance Measures (APM)

Total Assets

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

Shareholders' Funds

Shareholders' Funds is the value of all assets held less all liabilities, with borrowings deducted at book cost.

Net Asset Value (APM)

Net Asset Value (NAV) is the value of all assets held less all liabilities, with borrowings deducted at either par value or fair value as described below. Per share amounts are calculated by dividing the relevant figure by the number of ordinary shares in issue.

Net Asset Value (Borrowings at Par Value) (APM)

Borrowings are valued at nominal par value.

A reconciliation from shareholders' funds (borrowings at book value) to net asset value after deducting borrowings at par value is provided below:

	2021 £'000	2021 per share	2020 £'000	2020 per share
Shareholders' funds (borrowings at book value)	3,204,980	1,355.4p	1,963,624	878.4p
Add: book value of borrowings	139,788	59.1p	143,762	64.3p
Less: par value of borrowings	(140,000)	(59.2p)	(143,854)	(64.4p)
Net asset value (borrowings at par value)	**3,204,768**	**1,355.3p**	**1,963,532**	**878.3p**

The per share figures above are based on 236,453,859 (2020 – 223,553,859) ordinary shares of 5p, being the number of ordinary shares in issue at the year end.

Net Asset Value (Borrowings at Fair Value) (APM)

Borrowings are valued at an estimate of market worth. The fair value of the Company's 6 $^{3}/_{8}$% debenture stock 2023 is based on the closing market offer price on the London Stock Exchange. The fair value of the Company's short term bank borrowings is equivalent to its book value.

A reconciliation from shareholders' funds (borrowings at book value) to net asset value after deducting borrowings at fair value is provided below:

	2021 £'000	2021 per share	2020 £'000	2020 per share
Shareholders' funds (borrowings at book value)	3,204,980	1,355.4p	1,963,624	878.4p
Add: book value of borrowings	139,788	59.1p	143,762	64.3p
Less: fair value of borrowings	(133,524)	(56.4p)	(149,854)	(67.1p)
Net asset value (borrowings at fair value)	**3,211,244**	**1,358.1p**	**1,957,532**	**875.6p**

The per share figures above are based on 236,453,859 (2020 – 223,553,859) ordinary shares of 5p, being the number of ordinary shares in issue at the year end.

Discount/Premium (APM)

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

Net Liquid Assets

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

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

Unlisted, Unquoted and Private Company Investments
'Unlisted', 'Unquoted' and 'Private Company' investments are investments in securities not traded on a recognised exchange.

Total Return (APM)
The total return is the return to shareholders after reinvesting the dividend on the date that the share price goes ex-dividend, as detailed below.

		2021 NAV (par)	2021 NAV (fair)	2021 Share price	2020 NAV (par)	2020 NAV (fair)	2020 Share price
Closing NAV per share/share price	(a)	**1,355.3p**	**1,358.1p**	**1,396.0p**	878.3p	875.6p	914.0p
Dividend adjustment factor*	(b)	**1.0024**	**1.0024**	**1.0023**	1.0020	1.0020	1.0019
Adjusted closing NAV per share/share price	(c = a x b)	**1,358.5p**	**1,361.3p**	**1,399.2p**	880.0p	877.4p	915.8p
Opening NAV per share/share price	(d)	**878.3p**	**875.6p**	**914.0p**	852.1p	848.9p	883.0p
Total return	(c ÷ d) - 1	**54.7%**	**55.5%**	**53.1%**	**3.3%**	**3.4%**	**3.7%**

* The dividend adjustment factor is calculated on the assumption that the dividend of 2.50p (2020 – 1.85p) paid by the Company during the year was reinvested into shares of the Company at the cum income NAV/share price, as appropriate, at the ex-dividend date.

Ongoing Charges (APM)

The total expenses (excluding dealing and borrowing costs) incurred by the Company as a percentage of the daily average net asset value (with borrowings at fair value), as detailed below.

		2021	2020
Investment management fee		**£10,011,000**	£7,644,000
Other administrative expenses		**£1,656,000**	£1,677,000
Total expenses	(a)	**£11,667,000**	£9,321,000
Average net asset value (with borrowings deducted at fair value)	(b)	**£2,697,905,000**	£1,933,065,000
Ongoing Charges	a ÷ b	**0.43%**	0.48%

Gearing (APM)

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. The gearing ratios described below are included in the Ten Year Summary on page • of the Annual Report and Financial Statements.
Potential gearing is the Company's borrowings expressed as a percentage of shareholders' funds.

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

Leverage (APM)

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

Compound Annual Return (APM)

The compound annual return converts the return over a period of longer than one year to a constant annual rate of return applied to the compounded value at the start of each year.

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