The Monks Investment Trust PLC

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 2022

Over the year to 30 April 2022, the Company's net asset value (NAV) total return* was -18.9% compared to a total return of +6.1% for the FTSE World Index (in sterling terms). The share price total return for the same period was -24.6%.

- Against a backdrop of rising uncertainty, the past 12 months have been disappointing in share price terms for Monks. In the main, the companies in the portfolio continue to perform well operationally and are financially robust. The Managers believe the portfolio holdings are well placed to navigate a period of rising inflation and remain resolutely reward seeking in their approach.
- Portfolio turnover for the 12 months was 11% and the Company's invested gearing stood at 7.3% at the financial year end.
- A single final dividend of 2.35p is being recommended, compared to 2.0p last year.
- Over the period, 8,808,550 shares were bought back at a discount to NAV, being 3.7% of the Company's share capital, at a cost of £98 million. The share price ended the year at a 4.4% discount to NAV*.
- Ongoing charges for the year to 30 April 2022 were 0.40%, down from 0.43% in the prior year.
- Since the change in approach in March 2015 the NAV total return at fair value has been 147.8% and the share price total return 163.6% against the comparative index at 128.9%#.

* With borrowings at fair value
\# Total returns from 31 March 2015 to 30 April 2022.

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 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 £230 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.

21 June 2022

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The following is the Preliminary Results Announcement for the year to 30 April 2022 which was approved by the Board on 20 June 2022.

Chairman's Statement

The end of Covid restrictions in the Western world has delivered a new set of challenges to investors. Our economic problems are manifesting themselves in a burst of inflation, leaving central bankers with no good policy choices. We cannot know whether inflation will be cured by an economic slowdown, or whether a slowdown will turn into a nasty recession. Stock markets have reflected this greater uncertainty by marking down the prices of all financial assets, particularly hitting the growth companies in which Monks invests.

Just as in previous inflationary periods, a number of cyclical and structural problems have coincided. The problems we face are: scarcity of commodities and fuel; the need to re-arm to prevent conflict; and the re-ordering of supply chains. Underinvestment in oil and gas, new sources of power, and natural resources extraction, has boosted the prices of fuel and commodities. Russia's invasion of Ukraine has reinforced the scarcity of fuel, metals and soft commodities. It has also led to the prospect of greater military expenditure by NATO countries after years of the 'peace dividend'. Supply chains were exposed as fragile when Covid struck, and China's ongoing restrictions while the rest of the world reopened, have exacerbated the problem, as has China's tacit support for Mr Putin. In any case the great outsourcing of manufacturing to China was reaching its natural limit as China's cost advantage eroded.

All of these problems have arisen as economies responded to pent-up demand after nearly two years of restrictions on normal life, and permanent changes to patterns of living and working. The scale of monetary largesse during the critical early stages of the pandemic turns out, with the benefit of hindsight, to have been too much. Excess money is extinguished only by real supply or price rises. Unlike the end of the 1970s when central bankers finally took on inflation and raised interest rates substantially, policymakers face the constraint of high levels of debt for the state, the corporate sector and households. This makes the future path of rates and the economy particularly difficult to gauge.

After five sequential years of outperformance, the Monks portfolio has suffered since more of growth companies' value is in the future. Whatever the course of macroeconomic policy, though, our lives will continue to change as technology evolves, and the companies that will ultimately do well regardless, are those that capture and exploit this change. This is what the Managers seek to do through their bottom-up, stock-picking approach. The identification and patient ownership of exceptional companies driving fundamental change is likely to support real growth. This is still the best source of wealth creation.

Performance

During the year the NAV total return, with borrowings calculated at fair value, was -18.9% and the share price total return was -24.6%, while the FTSE World Index returned +6.1%. This is a disappointing outcome but should be considered in the context of Monks' long-term investment approach. Indeed, it is now seven 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 147.8%* against the comparative index at 128.9%*. Over the same period the share price total return was 163.6%*.

Share Capital

Following several years of significant share issuance, the Board decided to supplement natural market liquidity through buybacks into treasury for subsequent reissue when the Company's shares return to trading at a premium to NAV. Buying in the Company's own shares at a discount to NAV enhances NAV per share for ongoing shareholders and helps to relieve short term imbalances between buyers and sellers in the open market. With the shares trading at a consistent discount throughout the year, the Company bought back 8.8 million shares, costing £97.9 million. The discount to NAV with borrowings calculated at fair value was 4.4% as at 30 April 2022, compared to a premium of 2.8% at 30 April 2021.

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 was low (1.0%) at the start of the year and remained so (0.8%) going into the sharp share price falls in late 2021. It ended the period at 7.3%. Our revolving credit facility was renewed for a three-year period in November 2021. This short-term borrowing is complemented by a mixture of long-term debt issued to insurance companies, secured at very attractive rates in 2020, and a long-standing debenture maturing in March 2023.

Management Expenses

Monks is very competitive on fees and expenses, which helps to enhance returns to shareholders. The total ongoing charges ratio for the year to 30 April 2022 was 0.40%, down from 0.43% in the prior year and 0.58% at April 2015. The current tiered management fee scale 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 Board's policy is to pay the minimum dividend required to maintain investment trust status. Retained earnings are reinvested in the portfolio. In order to build in headroom for further buybacks that may reduce the shares in issue qualifying for dividends, the Board is recommending that a single final dividend of 2.35p be paid, compared to 2.0p last year, to ensure that the amount retained for the year does not exceed that permissible.

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 with and encouragement of company management teams is the best way to enhance long-term returns, and much of this cannot be captured quantitatively. I would strongly encourage you to refer to the Monks Stewardship Report 2021 on the Company' page of the Managers' website and read more about how the Managers thoughtfully engage with the companies they invest in on your behalf.

The Board

Following the retirement from the Board of James Ferguson and Edward Harley, the Directors reviewed the skills, experience, and balance of tenure lengths of the remaining Board members; considered recent and anticipated developments in the commercial and regulatory landscape; and appointed Odgers Berndtson to commence the search for a new Director.

Outlook

Shareholders have experienced a sharp share price decline in the last year but it is at times like these that it is of utmost importance that the Managers stick to their longstanding investment approach, which is based on bottom-up stock picking and a focus on growth companies. The vast majority of the portfolio holdings continue to perform well operationally, and in the Managers' view, remain strongly placed to grow over the long term. An important aspect of the approach is for the Managers to remain far sighted in their outlook as they seek to identify long-term structural change. I would encourage shareholders to read the Managers' latest Research Agenda, which can be found on the Company's page of the Managers' website. This highlights a handful of areas of significant change which are likely to yield some exciting growth opportunities in the future. These include where opportunities may exist as the World transitions away from fossil fuels towards renewable energy and where technology and software may help to unlock scale constraints for healthcare and biotech businesses. We do not expect returns to be linear – volatility is part of long-term investing. The Manager is in a strong position to identify attractive growth opportunities at compelling valuations in order to deliver attractive long-term returns for shareholders. The Board remain confident in the investment approach and optimistic about the future.

Annual General Meeting

The Company's AGM has been scheduled to take place on Tuesday 6 September 2022 at the Institute of Directors, Pall Mall, London, SW1Y 5ED. Last year, the Board announced and fully intended to hold a physical meeting but, given the ongoing uncertainty created by rising infections and the potential impact of short-notice cancellation by key participants owing to sickness, reverted to a purely administrative meeting held at the Managers' offices, limiting attendance to those required for a quorum. We very much hope that this year circumstances will permit us to meet the Company's shareholders in person. Nevertheless, given that Covid-19 remains in circulation and new variants may present new challenges, 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.

Among the resolutions being put to shareholders at the AGM, new Articles of Association are recommended for adoption. Details of the proposed changes are provided in an Appendix to the Notice of Annual General Meeting. Among them are the provisions necessary for the Company to hold hybrid or remote-only general meetings. These provisions are being introduced purely to enhance the operational resiliency of the Company, to be used *in extremis* to ensure that the essential business of the Company can be conducted, should circumstances prevent the holding of physical meetings. For avoidance of doubt, the Board's preference will always be to hold physical general meetings, allowing shareholders the opportunity to discuss the business arising with Directors and Managers in person.

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
20 June 2022

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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 three growth categories – as set out in the Investment Portfolio by Growth Category table below.
- The use of these three 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

The latter four months of Monks' financial year has been a perfect storm for growth investors. Steep share price falls have occurred amid a challenging backdrop of supply chain disruption and rising levels of inflation. Allied to uncertainty around the regulatory regime in China and the tragic events in Ukraine, the result has been a surge in volatility and an extreme shift in sentiment characterised by a swing away from growth towards more value-oriented parts of the market. The impact on performance for the Monks investment Trust, with its optimistic, reward-seeking approach, has been painful.

A mere twelve months ago, we were reflecting on a period of very strong performance. We recognise that the speed and size of the reversal since then has been jarring for shareholders. We have no idea what the immediate future holds and so offer no predictions about what the coming months may bring. However, at times like this, it is helpful to return to the principle which guides how we look to add value over long periods of time. This approach is based on the identification and patient ownership of special companies, defined as those that have the potential to deliver attractive rates of earnings growth over periods of five years or more. There is a very high correlation between companies that ultimately deliver on this potential and those that also outperform in share-price terms. Looking at the thousands of stocks in the global universe of equities dating back 30 years and categorising them according to their rates of earnings growth, share-price returns clearly and consistently follow operational performance. This relationship between the potential for long-term value creation and share-price performance breaks down over shorter periods but underpins our steadfast approach to long-term investing.

Performance

The current team has managed The Monks Investment Trust for seven years. Over this period, the total return has been +147.8%* (share price +163.6%*) compared to the comparative index (FTSE World) which is up +128.9%*. The year to April 2022 has been challenging. The fair value NAV total return was -18.9% (share price -24.9%) against the comparative index total return of +6.1%. This is disappointing for shareholders but should be considered in the context of having followed a period of exceptional returns, and the Company's long-term investment horizon.

Underlying the extreme shift away from growth towards value (the MSCI Value index has outperformed the corresponding Growth index by +15.5% in the four months to the end of April 2022), there have been two principal drivers of Monks' underperformance. One relates to early-stage growth companies and the other, to Chinese businesses.

The recent environment has reflected a high degree of scepticism with regards to the future potential of companies yet to achieve sustained profitability and the probability that they will be able to earn attractive returns on their high levels of current investment. Excluding Monks' investments in private companies, around 13% of the listed portfolio is currently loss making. Our work has provided reassurance that not only do a vast majority of the companies remain resilient, but that they continue to make strong operational progress, despite their share price travails. Among the most acute examples is Farfetch, the online luxury goods marketplace which has doubled volumes and revenues in the past two years. Despite this, it is among the largest detractors from performance (shares are down -74%). We continue to believe in the company's path to profitability. The shares' current valuation (1.1x forward 12m sales) appears to us to materially undervalue Farfetch's opportunity not only in its core online marketplace, but in its 'Platform Solutions' business, which enables brands and retailers to drive online growth. A company which is of concern is our holding in Peloton (home fitness). The company has significantly overestimated demand and committed too much capital to the production of its hardware (bikes). This has undermined the prospect of future profitability. A new CEO in Barry McCarthy, formerly of Netflix and Spotify, is a move in the right direction, however this stock remains firmly under review and has been a disappointing holding since we purchased it in August 2021.

Share prices of a majority of Monks' Chinese holdings fell sharply following the imposition of widespread regulation by central government. Holdings such as Alibaba (ecommerce and cloud computing), Meituan (food delivery) and Naspers and Prosus (which have look-through exposure to Tencent in social media and gaming) have fallen by between 50-70%. We seek to remain open-minded about the long-term regulatory implications. On the one hand, we believe that much of the regulation is likely to support businesses to be sustainable and operate with the grain of society (for example, some of the regulation supports social provision for the lowest paid workers). On the other, we seek to remain vigilant where there is evidence that the Chinese state is limiting the upside for private companies. We have acted where this has been the case in selling Ping An Healthcare and Technology (telemedicine) and reducing the portfolio's position in Meituan. We continue to take signals from what we see at the corporate level and are actively reviewing other positions including KE Holdings (online real estate) and Tencent Music Entertainment in what is an uncertain situation.

Portfolio Positioning

Widespread and indiscriminate share price falls bring with them significant challenges. Our response has been to be disciplined with regards to our process, to ensure that we continue to stretch out our time horizons and to focus on fundamental changes to the investment cases of the companies in the portfolio. A significant decline in a company's share price is a far from reliable signal that an investment case is broken. Indeed, some of Monks' highest returning holdings have experienced drawdowns of more than 50 per cent. This includes the likes of Tesla (electric vehicles), Amazon (ecommerce and cloud), Moody's (credit rating) and Anthem (health insurance). Our examination of the operational progress across the portfolio is reassuring. The portfolio's revenue growth is accelerating. Over the next year, sales are forecast to grow at 17% (twice the rate of the prior 5-year average) compared with a market rate of 10%. Importantly, this pattern of acceleration is broadly evident across the different parts of the portfolio, incorporating compounding businesses like Mastercard (digital payments) or Estée Lauder (cosmetics); innovative, high growth companies like Cloudflare (cloud software) or The Trade Desk (programmatic advertising); as well as more cyclical operators like CRH (build materials) or Albemarle (lithium mining).

We have assessed all the portfolio with regards to how it may fare in an environment of persistently higher inflation, attempting to get beyond the simplistic narrative that higher levels of inflation, and the accompanying potential for rising interest rates, is bad for growth companies. This work incorporated assessing various aspects of pricing power, including the frequency of purchases and the degree of value-add, margin structures, the speed of the business cycle and capital intensity. Our conclusion is that the portfolio is skewed towards businesses with a high degree of flexibility to cope with a surge in inflation. For example, whilst Martin Marietta (materials and building supplies) is a capital- intensive operator, by virtue of dominating its local markets in the US, it possesses exceptional pricing power (it has increased prices on average by 4.5% p.a. over the past decade). Alternatively, Mastercard (digital payments) with its infrastructure like position in payments and capital light business model has significant room for manoeuvre against a more challenging backdrop.

As active, stock picking investors we are acutely aware of the opportunities that the current market volatility presents. While turnover has remained low (11%), we have added 11 new companies to the portfolio and made additions where the upside is compelling. Our focus has been to pay heed to one of our central process questions which is 'What does it bring to the portfolio?' We continue to value the benefits of diversity in sources of revenue, earnings and cash flow growth and have sought to strengthen this in recent months. We have added to the portfolio through positions in the likes of Certara (bio simulation software), Chewy (online pet consumables), Analog Devices (analogue semiconductors), Adobe (creative digital software) and Royalty Pharma (life science funding). Additions have been made where we felt that our view was most differentiated from the market – examples include additions to Martin Marietta (aggregates), Anthem (health insurance) and Farfetch (online luxury). Sales have come from positions where we either felt that valuations were too high, or a competitive position was being eroded. In the former camp, Resmed (medical devices), Advantest (semiconductor testing) and ICICI Bank (retail and commercial banking) were companies which have executed well but where the share price has outstripped their fundamental progress. With the benefit of perfect hindsight, we should have gone further in reducing other positions within the portfolio given the voracity of share price falls recently. In other regards, the portfolio was well positioned, for example net gearing was 0.8% in November going into the market reversal. In the latter camp, we sold Lending Tree (online financial platform), Hays (recruitment) and Interactive Brokers (online trading) on the grounds that the competitive landscape was intensifying, and we lacked conviction in the ability of those businesses to respond adequately. Elsewhere, Monks had minimal exposure to Russian stocks (0.64% of fund at the beginning of January) – holdings in Sberbank (retail bank) and VK Ltd (social media). We began to sell VK Ltd prior to the commencement of the war and acted swiftly to sell Sberbank thereafter. A financial market shut down in Russia meant that a fractional position in these companies remains within the portfolio (<0.01% of fund). We will seek to sell out completely at our earliest opportunity.

Governance and Sustainability

It is at times like these that we believe it becomes more important to be patient and engaged shareholders. Periods of share-price weakness can bring behavioural challenges not just for investors, but also for management teams and may be deeply unsettling for employees. One of the risks in the current portfolio is that management teams react to the signals they are getting from the market, shortening their own time horizons, and reining in investment. There would likely be a significant opportunity cost to such actions. When we have engaged with companies over recent months, we have therefore encouraged them to try to decouple thinking on their operational decision making from share prices as much as possible. Where we feel this has not been the case, or where management are failing to invest for the long term, we have sold. The recent sale of Lyft (ride sharing) is a case in point. We felt that the scale of ambition at Lyft – having once been to bring fleets of autonomous vehicles to market – has been curtailed. This has been coupled with egregious stock-based compensation pay-outs which, in our view, are not appropriate given underwhelming operational progress nor aligned with the long-term interests of shareholders.

Continued Improvement

Shareholders in Monks may be familiar with the growth profiles (Stalwart, Rapid, Cyclical and Latent) by which we divide the portfolio. These help to provide clarity about the inefficiency we seek to exploit in our investments and our expectation about how growth is to be delivered. Our analysis has shown that the benefits of diversification across the growth profiles is real. We have consistently found that the portfolio in aggregate outperforms more often than any of the individual growth profiles on a standalone basis. However, our analysis suggest that the Latent Growth profile has been somewhat of a laggard, outperforming considerably less than its siblings. In other words, it contributes little to the positive diversification effect of the portfolio. We have therefore decided to stop explicitly seeking Latent Growth opportunities for Monks. In our endeavour to improve as investors it is important to recognise where we do not excel. Therefore, we believe it will be additive to sharpen our focus across the three other growth profiles, where we typically see the most attractive growth opportunities and have a strong track record of identifying winners. There is no change to the underlying portfolio as the current Latent Growth positions will be retained within the Cyclical Growth profile unless or until they meet our criteria for disposal.

Outlook

As an active manager our approach is based on nurturing investment insights, which lead us to a differentiated view on the future potential of companies. Monks' long-term returns depend on this. A fundamental feature of this approach is that there will inevitably be periods when our views are very differentiated, and the resulting performance of the portfolio might be uncomfortable. The managers recognise this, being themselves materially invested in the Company and therefore aligned with shareholders. It is a natural tendency at times of turmoil and uncertainty for time horizons to contract. Our belief in the importance of patience means that we will continue to allocate our time to those areas of research which we think will be most impactful over the long term, focusing on unearthing the gems which may be handed to us at a time when others are being particularly fearful, and which will sow the seeds for future growth. In this sense, we remain forward looking and optimistic about the future. Thank you for your support and patience.

Spencer Adair
Malcolm MacColl
20 June 2022

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Investment Portfolio by Growth Category* as at 30 April 2022

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)	%
	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	
Highest conviction holdings c.2.0% each Total: 47.0%	Anthem Microsoft Alphabet Moody's Service Corporation International Arthur J. Gallagher Pernod Ricard MasterCard AIA Thermo Fisher Scientific	3.8 2.7 2.5 2.4 2.1 2.0 1.9 1.8 1.7 1.6	The Schiehallion Fund† Reliance Industries Prosus Amazon.com	4.6 2.8 2.3 1.8	Martin Marietta Materials BHP Group Ryanair CRH TSMC Rio Tinto CBRE Group	2.6 2.1 1.9 1.7 1.6 1.6 1.5
Average sized holdings c.1.0% each Total: 32.3%	Prudential Olympus Estée Lauder S&P Global Meta Platforms Inc Broadridge Financial Solutions Sysmex Adobe Systems	1.4 1.4 1.3 1.1 1.0 0.9 0.7 0.7	Tesla The Trade Desk HDFC Illumina Moderna B3 Group Alibaba Sea Limited Alnylam Pharmaceuticals	1.4 1.2 1.0 1.0 1.0 0.9 0.9 0.9 0.8	Albemarle Booking Holdings Royalty Pharma Markel Teradyne Richemont Charles Schwab Atlas Copco Epiroc	1.3 1.2 1.1 1.1 1.0 1.0 0.9 0.7 0.7

			Ping An Insurance	0.8	SMC	0.7
			Epic Games	0.7	SiteOne Landscape Supply	0.7
			MercadoLibre	0.7		
			Cloudflare	0.7		
			Shopify	0.7		
			Schibsted	0.7		
Incubator Holdings c.0.5% each Total: 20.7%	CoStar	0.6	Meituan	0.6	Deutsche Boerse	0.6
	adidas	0.6	ByteDance	0.6	Howard Hughes	0.6
	Analog Devices	0.5	DENSO	0.6	Nexans	0.5
	Certara	0.4	Genmab	0.6	Wizz Air Holdings	0.3
	Topicus.com	0.4	Doordash	0.6	Sands China	0.3
	Hoshizaki Corp	0.3	Li Auto	0.5	IAC/Interactivecorp	0.2
	Chewy Inc	0.2	ICICI Prudential Life Insurance	0.5	Brilliance China Automotive	0.2
			Abiomed	0.5	Silk Invest Africa Food Fund	0.2
			Farfetch	0.5	Sberbank of Russia	0.0
			Twilio	0.5		
			CyberAgent	0.5		
			Adyen	0.5		
			Snowflake	0.5		
			Datadog	0.4		
			Renishaw	0.4		
			M3	0.4		
			Axon Enterprise	0.4		
			Trupanion	0.4		
			Lemonade	0.4		
			Denali Therapeutics	0.4		
			Novocure	0.3		
			Adevinta Asa	0.3		
			Coupang LLC	0.3		
			Wayfair	0.3		
			Staar Surgical	0.3		
			Bumble	0.3		
			Spotify	0.3		
			Netflix	0.3		
			Oscar Health	0.3		
			Ant International	0.3		
			Exact Sciences	0.2		
			Ubisoft Entertainment	0.2		
			Chegg	0.2		
			Space Exploration Technologies	0.2		
			Teladoc	0.2		
			Stripe	0.2		
			Carvana	0.2		
			Peloton Interactive	0.2		
			Tencent Music Entertainment	0.1		
			Vimeo	0.1		
			Oatly	0.1		
			KE Holdings	0.1		
			Naspers	0.0		
			VK Company Limited	0.0		
	Total	34.0		39.7		26.3

* Excludes net liquid assets.

† Combined ordinary and C share holdings.

Portfolio Positioning as at 30 April 2022

Thematic Exposure

Category	At 30 April 2022 %	At 30 April 2021 %
Developed Market Growth	16.8	15.7
Consumer Demand/Employment	4.5	5.5
Industrial Demand	5.9	4.3
Carbon Heavy	2.9	3.0
Capital Markets/Asset Inflation	3.5	2.9
Developing Economies	16.2	15.3
Emerging Markets Middle Classes	9.6	10.1
EM Financial Development	*6.1*	*6.0*
EM Consumer Catch-up	*3.5*	*4.1*
Carbon Heavy	5.8	4.0
Lending/Underwriting Risk	0.5	0.9
Industrial Demand	0.3	0.3
New Economy	40.8	50.3
Platform Crush*	10.4	14.3
Regulation/Anti-trust	9.2	10.7
Innovation/Transformational Health	6.2	9.1
Transformative/Unproven Model	3.9	5.6
Enterprise Cloud	3.6	4.0
Innovation/Chips	3.1	2.9
Other	4.4	3.7
Economically Agnostic	25.0	15.5
High Valued Compounders	15.5	10.0
Idiosyncratic	6.5	3.2
Insurance Cycle	3.0	2.3
Net Liquid Assets	1.2	3.2
Total Assets	100.0	100.0

* Platform Crush typically refers to capital light online companies which seek to serve multiple stakeholders via a platform model.

The Monks Investment Trust PLC

Geographical Analysis

	At 30 April 2022 %	At 30 April 2021 %
North America	54.0	49.7
Continental Europe	14.5	10.5
Emerging Markets	12.2	14.9
United Kingdom	8.7	11.6
Japan	4.5	6.2
Developed Asia	4.9	3.9
Net Liquid Assets	1.2	3.2
Total Assets	100.0	100.0

Sectoral Analysis

	At 30 April 2022 %	At 30 April 2021 %
Energy	2.8	1.4
Basic Materials	5.0	3.7
Industrials	10.6	9.6
Consumer Staples	2.0	1.3
Healthcare	14.5	13.5
Consumer Discretionary	19.5	19.3
Financials	21.1	20.2
Technology	20.6	23.6
Telecommunications	0.0	0.8
Real Estate	2.7	3.0
Utilities	0.0	0.4
Total Investments	98.8	96.8
Net Liquid Assets	1.2	3.2
Total Assets	100.0	100.0

The Monks Investment Trust PLC

List of Investments at 30 April 2022

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities					
The Schiehallion Fund*	Global unlisted growth equity investment company	Rapid	68,423	2.5	
The Schiehallion Fund C Shares*	Global unlisted growth equity investment company	Rapid	51,883	1.9	
			120,306	4.4	
Anthem	Healthcare insurer	Stalwart	101,427	3.8	
Reliance Industries	Indian energy conglomerate	Rapid	75,473	2.8	
Microsoft	Software and cloud computing enterprise	Stalwart	71,080	2.6	
Martin Marietta Materials	Cement and aggregates manufacturer	Cyclical	69,444	2.6	
Alphabet	Online search engine	Stalwart	67,216	2.5	
Moody's	Credit rating agency	Stalwart	64,153	2.4	
Prosus	Media and ecommerce company	Rapid	60,897	2.3	
BHP Group	Mineral exploration and production	Cyclical	57,011	2.1	25.5
Service Corporation International	Funerals and cemeteries	Stalwart	56,282	2.1	
Arthur J. Gallagher	Insurance broker	Stalwart	53,817	2.0	
Ryanair	Low cost European airline	Cyclical	51,059	1.9	
Pernod Ricard	Global spirits manufacturer	Stalwart	50,897	1.9	
Amazon.com	Online retailer	Rapid	48,665	1.8	
MasterCard	Electronic payments network and related services	Stalwart	47,515	1.8	
CRH	Diversified building materials company	Cyclical	46,479	1.7	
AIA	Asian life insurer	Stalwart	45,260	1.7	
TSMC	Semiconductor manufacturer	Cyclical	43,425	1.6	
Rio Tinto	Global commodities businesses	Cyclical	42,763	1.6	43.6
Thermo Fisher Scientific	Scientific instruments, consumables and chemicals	Stalwart	41,222	1.5	
CBRE Group	Commercial real estate operator	Cyclical	38,712	1.4	
Tesla	Electric cars and renewable energy solutions	Rapid	37,955	1.4	
Prudential	International life insurance	Stalwart	37,949	1.4	
Olympus	Optoelectronic products	Stalwart	37,948	1.4	
Albemarle	Speciality chemicals	Cyclical	35,545	1.3	
Estée Lauder	Global cosmetic brands business	Stalwart	35,385	1.3	
The Trade Desk	Advertising technology company	Rapid	31,927	1.2	
Booking Holdings	Online travel agency	Cyclical	30,583	1.1	
Royalty Pharma	Biopharmaceutical royalties portfolio	Cyclical	29,879	1.1	56.7
S&P Global	Global credit rating agency	Stalwart	29,476	1.1	
Markel	Markets and underwrites speciality insurance products	Cyclical	28,189	1.0	
Meta Platforms Inc	Social networking website	Stalwart	27,817	1.0	
Teradyne	Semiconductor testing equipment manufacturer	Cyclical	26,877	1.0	
HDFC	Indian mortgage provider	Rapid	26,713	1.0	
Illumina	Gene sequencing business	Rapid	25,461	0.9	
Richemont	Luxury goods company	Cyclical	25,385	0.9	
Moderna	Drug discovery using mRNA technology	Rapid	25,255	0.9	
B3 Group	Brazilian stock exchange operator	Rapid	24,391	0.9	

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Alibaba	Online commerce company	Rapid	24,244	0.9	66.3
Broadridge Financial Solutions	Provides technology based solutions to the financial services industry	Stalwart	23,970	0.9	
Charles Schwab	Online savings and trading platform	Cyclical	23,806	0.9	
Sea Limited	Online and digital gaming	Rapid	23,160	0.9	
Alnylam Pharmaceuticals	RNA interference based biotechnology	Rapid	21,247	0.8	
Ping An Insurance	Chinese life insurer	Rapid	21,179	0.8	
Epic Games[u]	Gaming software developer	Rapid	19,613	0.7	
Atlas Copco	Industrial equipment	Cyclical	19,348	0.7	
Epiroc	Contruction and mining machinery	Cyclical	18,991	0.7	
MercadoLibre	Latin American ecommerce platform	Rapid	18,612	0.7	
Sysmex	Medical testing equipment	Stalwart	18,526	0.7	74.1
SMC	Producer of factory automation equipment	Cyclical	18,450	0.7	
SiteOne Landscape Supply	US distributor of landscaping supplies	Cyclical	18,231	0.7	
Cloudflare	Cloud based IT services business	Rapid	18,187	0.7	
Shopify	Online commerce platform	Rapid	18,093	0.7	
Adobe Systems	Software products and technologies	Stalwart	17,592	0.7	
Schibsted	Media and classified advertising platforms	Rapid	17,561	0.7	
Meituan	Online commerce platform	Rapid	17,272	0.6	
CoStar	Commercial property portal	Stalwart	17,182	0.6	
adidas	Sports apparel manufacturer	Stalwart	16,897	0.6	
Deutsche Boerse	Stock exchange operator	Cyclical	16,319	0.6	80.7
ByteDance[u]	Online content platform including TikTok	Rapid	15,987	0.6	
DENSO	Automotive component supplier	Rapid	15,722	0.6	
Genmab	Biotechnology company	Rapid	15,479	0.6	
Howard Hughes	US real estate developer	Cyclical	15,082	0.6	
Doordash	Online commerce platform	Rapid	14,903	0.6	
Nexans	Manufacturer of cables and electrical parts	Cyclical	14,498	0.5	
Li Auto	Electric cars with a focus on China	Rapid	14,473	0.5	
ICICI Prudential Life Insurance	Life insurance services	Rapid	13,695	0.5	
Abiomed	Medical implant manufacturer	Rapid	13,636	0.5	
Farfetch	Online fashion retailer	Rapid	13,327	0.5	86.2
Analog Devices	Integrated circuits	Stalwart	13,275	0.5	
Twilio	Cloud based communications platform	Rapid	13,010	0.5	
CyberAgent	Japanese internet advertising and content	Rapid	12,672	0.5	
Adyen	Digital payments	Rapid	12,248	0.5	
Snowflake	Cloud based data insight application	Rapid	12,133	0.4	
Datadog	Cloud based IT system monitoring application	Rapid	11,731	0.4	
Renishaw	World leading metrology company	Rapid	11,711	0.4	
Certara	Drug discovery and development company	Stalwart	11,509	0.4	
M3	Online medical services	Rapid	11,284	0.4	
Axon Enterprise	Manufacturer of law enforcement devices	Rapid	11,062	0.4	90.6
Trupanion	Pet health insurance provider	Rapid	9,958	0.4	
Lemonade	Data and insurance company	Rapid	9,740	0.4	
Denali Therapeutics	Early stage biotech company	Rapid	9,668	0.4	
Topicus.com	Vertical market software and solutions	Stalwart	9,465	0.4	
Wizz Air Holdings	Low-cost East European airline	Cyclical	9,088	0.3	

Novocure	Biotechnology company focusing on solid tumour treatment	Rapid	8,889	0.3	
Adevinta Asa	Media and classified advertising platforms	Rapid	8,724	0.3	
Coupang LLC	South Korean ecommerce	Rapid	8,690	0.3	
Wayfair	Online home furnishings business	Rapid	8,027	0.3	
Staar Surgical	Implantable contact lenses	Rapid	7,707	0.3	94.0
Bumble	Dating application	Rapid	7,643	0.3	
Spotify	Online music streaming service	Rapid	7,626	0.3	
Netflix	Subscription service for TV shows and movies	Rapid	7,065	0.3	
Sands China	Macau casino operator	Cyclical	6,986	0.3	
Oscar Health	Disruptive personal insurance provider	Rapid	6,981	0.3	
Hoshizaki Corp	Commerical kitchen equipment manufacturer	Stalwart	6,898	0.3	
Ant International[u]	Chinese online payments and financial services business	Rapid	6,871	0.3	
Exact Sciences	Cancer detection and treatment	Rapid	6,574	0.2	
IAC/Interactivecorp	Holding company for online properties	Cyclical	6,561	0.2	
Chewy Inc	Online pet supplies retailer	Stalwart	6,213	0.2	96.7
Ubisoft Entertainment	Game development platform	Rapid	6,169	0.2	
Brilliance China Automotive†	Manufacture and sale of minibuses and automotive components	Cyclical	5,636	0.2	
Chegg	Online educational platform	Rapid	5,512	0.2	
Silk Invest Africa Food Fund[u]	Africa focused private equity fund	Cyclical	4,958	0.2	
Space Exploration Technologies[u]	Space rockets and satellites	Rapid	4,711	0.2	
Teladoc	Healthcare services provider	Rapid	4,589	0.2	
Stripe[u]	Payments platform	Rapid	4,469	0.2	
Carvana	Online platform for buying used cars	Rapid	4,251	0.2	
Peloton Interactive	Interactive fitness platform	Rapid	4,011	0.1	
Tencent Music Entertainment	Online music streaming and social media	Rapid	3,649	0.1	98.5
Vimeo	All-in-one video software solution	Rapid	3,310	0.1	
Oatly	Oat-based alternatives to dairy products	Rapid	3,020	0.1	
KE Holdings	Chinese real estate portal	Rapid	1,507	0.1	
Naspers	Media and ecommerce company	Rapid	1,094	0.0	
Sberbank of Russia†	Russian commercial bank	Cyclical	–	0.0	
VK Company Limited†	Russian internet and communication services	Rapid	–	0.0	
Total Investments#			**2,662,015**	**98.8**	**98.8**
Net Liquid Assets#			31,975	1.2	
Total Assets#			**2,693,990**	**100.0**	**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

	Notes	2022 Revenue £'000	2022 Capital £'000	**2022 Total £'000**	2021 Revenue £'000	2021 Capital £'000	**2021 Total £'000**
(Losses)/gains on investments	2	–	(631,829)	**(631,829)**	–	1,069,700	**1,069,700**
Currency (losses)/gains		–	(308)	**(308)**	–	1,916	**1,916**
Income		27,811	–	**27,811**	22,529	–	**22,529**
Investment management fee	3	(10,465)	–	**(10,465)**	(10,011)	–	**(10,011)**
Other administrative expenses		(1,888)	–	**(1,888)**	(1,656)	–	**(1,656)**
Net return before finance costs and taxation		15,458	(632,137)	**(616,679)**	10,862	1,071,616	**1,082,478**
Finance costs of borrowings		(5,298)	–	**(5,298)**	(5,027)	–	**(5,027)**
Net return on ordinary activities before taxation		10,160	(632,137)	**(621,977)**	5,835	1,071,616	**1,077,451**
Tax on ordinary activities		(1,516)	293	**(1,223)**	1,966	(958)	**1,008**
Net return on ordinary activities after taxation		**8,644**	**(631,844)**	**(623,200)**	**7,801**	**1,070,658**	**1,078,459**
Net return per ordinary share		**3.67p**	**(268.58p)**	**(264.91p)**	**3.42p**	**469.83p**	**473.25p**
Note: Dividends per share paid and payable in respect of the year	5	**2.35p**			**2.00p**		

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.

Balance sheet

As at 30 April

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Investments held at fair value through profit or loss	6		2,662,015		3,238,130
Current assets					
Debtors		8,072		3,936	
Cash and cash equivalents		35,879		108,723	
		43,951		112,659	
Creditors					
Amounts falling due within one year	7		(126,257)		(5,063)
Net current (liabilities)/assets			(82,306)		107,596
Total assets less current liabilities			2,579,709		3,345,726
Creditors and Provisions					
Amounts falling due after more than one year:					
Debenture stock	7	–		(39,940)	
Loan notes	7	(99,853)		(99,848)	
Provision for tax liability	7	(692)		(958)	
			(100,545)		(140,746)
			2,479,164		3,204,980
Capital and reserves					
Share capital			11,823		11,823
Share premium account			262,183		262,183
Capital redemption reserve			8,700		8,700
Capital reserve			2,129,483		2,859,214
Revenue reserve			66,975		63,060
Shareholders' funds			2,479,164		3,204,980
Shareholders' funds per ordinary share (borrowings at book value)	8		1,089.0p		1,355.4p
Ordinary shares in issue	9		227,645,309		236,453,859

Statement of changes in equity

For the year ended 30 April 2022

	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 2021	11,823	262,183	8,700	2,859,214	63,060	3,204,980
Net return on ordinary activities after taxation	–	–	–	(631,844)	8,644	(623,200)
Ordinary shares issued (note 9)	–	–	–	(97,887)	–	(97,887)
Dividends paid during the year (note 5)	–	–	–	–	(4,729)	(4,729)
Shareholders' funds at 30 April 2022	11,823	262,183	8,700	2,129,483	66,975	2,479,164

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

* The Capital Reserve balance at 30 April 2022 includes holding gains on investments of £723,323,000 (2021 – gains of £1,498,998,000).

Cash flow statement

For the year ended 30 April

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Cash flows from operating activities					
Net return on ordinary activities before taxation			(621,977)		1,077,451
Net losses/(gains) on investments			631,829		(1,069,700)
Currency losses/(gains)			308		(1,916)
Finance costs of borrowings			5,298		5,027
Overseas tax incurred			(1,586)		(1,718)
Corporation tax refund			–		3,664
Changes in debtors and creditors			452		1,650
Cash from operations*			14,324		14,458
Interest paid			(4,991)		(4,547)
Net cash inflow from operating activities			9,333		9,911
Cash flows from investing activities					
Acquisitions of investments		(484,720)		(573,161)	
Disposals of investments		424,157		490,209	
Net cash outflow from investing activities			(60,563)		(82,952)
Cash flows from financing activities					
Equity dividends paid	5	(4,729)		(5,603)	
Ordinary shares bought back		(91,577)		–	
Ordinary shares issued		–		169,924	
Private placement debt notes issued		–		99,844	
Borrowings repaid		–		(99,596)	
Borrowings drawn down		75,000		–	
Net cash (outflow)/inflow from financing activities			(21,306)		164,569
(Decrease)/increase in cash and cash equivalents			(72,536)		91,528
Exchange movements			(308)		(2,342)
Cash and cash equivalents at 1 May			108,723		19,537
Cash and cash equivalents at 30 April			35,879		108,723

* Cash from operations includes dividends received of £28,165,000 (2021 - £22,668,000) and interest received of £1,000 (2021 – £365,000).

Notes to the financial statements

1. The Financial Statements for the year to 30 April 2022 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.

(Losses)/gains on investments:	2022 £'000	2021 £'000
Realised gains on sales	143,796	214,399
Changes in investment holding gains	(775,625)	855,301
Total (losses)/gains on investments	(631,829)	1,069,700

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	2022	2021
Revenue return	**3.67p**	3.42p
Capital return	**(268.58p)**	469.83p
Total return	**(264.91p)**	473.25p

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation of £8,644,000 (2021 – £7,801,000) and on 235,252,716 (2021 – 227,881,626) ordinary shares of 5p, being the weighted average number of ordinary shares in issue during the year.

Capital return per ordinary share is based on the net capital loss for the financial year of £631,844,000 (2021 – gain of £1,070,658,000) and on 235,252,716 (2021 – 227,881,626) 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	2022	2021	2022 £'000	2021 £'000
Amounts recognised as distributions in the year:				
Previous year's final (paid 7 September 2021)	**2.00p**	**2.50p**	**4,729**	**5,603**

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 £8,644,000 (2021 – £7,801,000).

	2022	2021	2022 £'000	2021 £'000
Amounts paid and payable in respect of the financial year:				
Proposed final (payable 9 September 2022)	**2.35p**	2.00p	**5,350**	**4,729**

If approved, the recommended final dividend on ordinary shares will be paid on 9 September 2022 to shareholders on the register at the close of business on 29 July 2022. The ex-dividend date is 28 July 2022. The Company's Registrar offers a Dividend Reinvestment Plan and the final date for elections for this dividend is 18 August 2022.

6.

As at 30 April 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed and suspended equities	2,479,464	120,306	5,636	2,605,406
Unlisted equities	–	–	56,609	56,609
Total financial asset investments	2,479,464	120,306	62,245	2,662,015

As at 30 April 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed and suspended 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**

Investments in securities are financial assets held at fair value through profit or loss. In accordance with Financial Reporting Standard 102, the tables above 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, an unlisted investment (GRAIL) was acquired by a listed entity (Illumina), resulting in a transfer of £6,429,000 book cost (£10,329,000 fair value) from Level 3 to Level 1. Level 2 investments comprise the ordinary and C share holdings in The Schiehallion Fund. The suspended investment in Brilliance China Automotive was moved from Level 2 to Level 3 in the year. Suspended investments in Sberbank of Russia and VK Company have been valued at nil.

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

Private Company Investments

Private company investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Managers. The Managers' private company investment policy applies techniques consistent with the International Private Equity and Venture Capital Valuation Guidelines 2018 ('IPEV'). The techniques applied are predominantly market- based approaches. The market-based approaches available under IPEV are set out below and are followed by an explanation of how they are applied to the Company's private company portfolio:

— Multiples;

— Industry Valuation Benchmarks; and

— Available Market Prices.

The nature of the private company portfolio currently will influence the valuation technique applied. The valuation approach recognises that, as stated in the IPEV Guidelines, the price of a recent investment, if resulting from an orderly transaction, generally represents fair value as at the transaction date and may be an appropriate starting point for estimating fair value at subsequent measurement dates. However, consideration is given to the facts and circumstances as at the subsequent measurement date, including changes in the market or performance of the investee company. Milestone analysis is used where appropriate to incorporate the operational progress of the investee company into the valuation. Additionally, the background to the transaction must be considered. As a result, various multiples-based techniques are employed to assess the valuations particularly in those companies with established revenues. Discounted cashflows are used where appropriate. An absence of relevant industry peers may preclude the application of the Industry Valuation Benchmarks technique and an absence of observable prices may preclude the Available Market Prices approach. All valuations are cross-checked for reasonableness by employing relevant alternative techniques.

The private company investments are valued according to a three monthly cycle of measurement dates. The fair value of the private company investments will be reviewed before the next scheduled three monthly measurement date on the following occasions:

- at the year end and half year end of the Company; and
- where there is an indication of a change in fair value as defined in the IPEV guidelines (commonly referred to as 'trigger' events).

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

Borrowing facilities at 30 April 2022

At 30 April 2022 the Company had a 3 year £150 million unsecured floating rate revolving facility with National Australia Bank Limited, which expires on 29 November 2024.

At 30 April 2022 drawings were as follows:

— National Australia Bank Limited: £75 million at an interest rate of 1.4% over SONIA, being £50 million maturing in August 2022 and £25 million maturing in September 2022 (2021 – nil).

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

There were no breaches of loan covenants during the year to 30 April 2022 (2021 – none).

Borrowing facilities at 30 April 2021

A 1 year £100 million unsecured floating rate revolving facility with National Australia Bank Limited, which expired 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 expired 13 March 2022.

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 £692,000 (30 April 2021 – £958,000) 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	2022 Par value £'000	2022 Book value £'000	2022 Fair value £'000	2021 Par value £'000	2021 Book value £'000	2021 Fair value £'000
Bank loans due within one year	75,000	75,000	75,000	–	–	–
6 3/8% debenture stock 2023	40,000	39,973	41,001	40,000	39,940	43,207
Series A Notes 1.86% 2054	60,000	59,901	43,700	60,000	59,898	54,302
Series B Notes 1.77% 2045	40,000	39,952	30,607	40,000	39,950	36,015

	215,000	214,826	190,308	140,000	139,788	133,524

8.	Shareholders' Funds per ordinary share	2022	2021
	Shareholders' funds	£2,479,164,000	£3,204,980,000
	Number of ordinary shares in issue at the year end	227,645,309	236,453,859
	Shareholders' funds per ordinary share	1,089.0p	1,355.4p

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 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 2022, 8,808,550 shares with a nominal value of £441,000 were bought back at a total cost of £97,887,000 to be held in treasury (2021 – 12,900,000 ordinary shares were issued at a nominal value of £645,000, raising net proceeds of £168,500,000). No shares were issued during the year and at 30 April 2022, 8,808,550 shares were held in treasury. At 30 April 2022 the Company had authority to buy back 26,635,883 ordinary shares and to allot or sell from treasury 23,645,385 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 £374,000 (2021 - £714,000) and transaction costs on sales amounted to £173,000 (2021 - £192,000).

11. The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 April 2022 or 2021 but is derived from those accounts. Statutory accounts for 2021 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. **Transactions with Related Parties and the Managers and Secretaries**

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 6 July 2022.

‡ 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:

	2022 £'000	2022 per share	2021 £'000	2021 per share
Shareholders' funds (borrowings at book value)	2,479,164	1,089.0p	3,204,980	1,355.4p
Add: book value of borrowings	214,826	94.4p	139,788	59.1p
Less: par value of borrowings	(215,000)	(94.4p)	(140,000)	(59.2p)
Net asset value (borrowings at par value)	2,478,990	1,089.0p	3,204,768	1,355.3p

The per share figures above are based on 227,645,309 (2021 – 236,453,859) 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 6 3/8% debenture stock 2023 is calculated using a comparable debt approach and/or broker quotes where available. The fair values of the loan notes are calculated using a comparable debt approach, by reference to a basket of corporate debt. 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.

	2022 £'000	2022 per share	2021 £'000	2021 per share
Shareholders' funds (borrowings at book value)	2,479,164	1,089.0p	3,204,980	1,355.4p
Add: book value of borrowings	214,826	94.4p	139,788	59.1p
Less: fair value of borrowings	(190,308)	(83.6p)	(133,524)	(56.4p)
Net asset value (borrowings at fair value)	2,503,682	1,099.8p	3,211,244	1,358.1p

The per share figures above are based on 227,645,309 (2021 – 236,453,859) 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.

		2022	2021
Closing NAV per share (borrowings at par)	a	1,089.0p	1,355.3p

Closing NAV per share (borrowings at fair value)	b	1,099.8p	1,358.1p
Closing share price	c	1,051.0p	1,396.0p
(Discount)/premium to NAV with borrowings at par	(c-a) ÷ a	(3.5%)	3.0%
(Discount)/premium to NAV with borrowings at fair value	(c-b) ÷ b	(4.4%)	2.8%

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.

		2022 NAV (par)	2022 NAV (fair)	2022 Share price	2021 NAV (par)	2021 NAV (fair)	2021 Share price
Closing NAV per share/share price	a	1,089.0p	1,099.8p	1,051.0p	1,355.3p	1,358.1p	1,396.0p
Dividend adjustment factor*	b	1.0015	1.0015	1.0014	1.0024	1.0024	1.0023
Adjusted closing NAV per share/share price	c = a x b	1,090.6p	1,101.4p	1,052.5p	1,358.5p	1,361.3p	1,399.2p
Opening NAV per share/share price	d	1,355.3p	1,358.1p	1,396.0p	878.3p	875.6p	914.0p
Total return	(c ÷ d) - 1	(19.5%)	(18.9%)	(24.6%)	54.7%	55.5%	53.1%

* The dividend adjustment factor is calculated on the assumption that the dividend of 2.00p (2021 – 2.50p) 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.

		2022	2021
Investment management fee		£10,465,000	£10,011,000
Other administrative expenses		£1,888,000	£1,656,000
Total expenses	a	£12,353,000	£11,667,000
Average net asset value (with borrowings deducted at fair value)	b	£3,114,257,000	£2,697,905,000
Ongoing Charges	a ÷ b	**0.40%**	**0.43%**

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 17 of the Annual Report and Financial Statements.

Gross gearing, also referred to as potential gearing is the Company's borrowings expressed as a percentage of shareholders' funds (a ÷ c in the table below).

Net gearing, also referred to as invested gearing is borrowings at book value less cash and cash equivalents (any certificates of deposit are not deducted) and brokers' balances expressed as a percentage of shareholders' funds (b ÷ c in the table below)*. 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.

		2022	2021
Borrowings (at book cost)	a	£214,826,000	£139,788,000
Less: cash and cash equivalents		(£35,879,000)	(£108,723,000)
Less: sales for subsequent settlement		(£4,741,000)	–
Add: purchases for subsequent settlement		£7,045,000	£941,000
Adjusted borrowings	b	£181,251,000	£32,006,000
Shareholders' funds	c	£2,479,164,000	£3,204,980,000
Gross (potential) gearing	a ÷ c	**8.7%**	**4.4%**
Net (invested) gearing	b ÷ c	**7.3%**	**1.0%**

Leverage (APM)

For the purposes of the Alternative Investment Fund Managers (AIFM) Regulations 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.

Treasury Shares

The Company has the authority to make market purchases of its ordinary shares for retention as treasury shares for future reissue, resale, transfer, or for cancellation. Treasury shares do not receive distributions and the Company is not entitled to exercise the voting rights attaching to them.

Turnover

Turnover is a measure of portfolio change or trading activity. Monthly turnover is calculated as the minimum of purchases and sales in a month, divided by the average market value of the fund. Monthly numbers are added together to get the rolling 12 month turnover data.

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